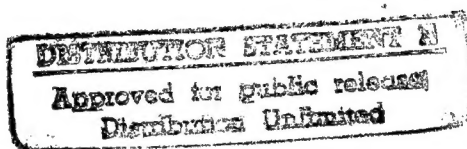


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5 MARCH 1992



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# ***JPRS Report***



# **East Europe**

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# East Europe

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5 March 1992

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## Alternative Program Proposed for BSP

92BA0317A Sofia DUMA in Bulgarian 17 Dec 91 p 5

["Text" of "The Alternative," written by Chavdar Kyuranov, Aleksandur Tomov, Lyubomir Kyuchukov, Filip Bokov, Georgi Pirinski, Dimitur Yonchev, and Nenko Temelkov and read at the 40th Bulgarian Socialist Party Congress by Chavdar Kyuranov]

[Text]

### I.

1. The Bulgarian Socialist Party [BSP] finds itself at a historic crossroads in its development.

Bulgaria has not experienced such tumultuous changes in a long time. It has not been tried by such profound crisis events in a long time, in a very long time.

For the first time in nearly half a century, our party is living under conditions of a real multiparty system. For the first time, it is in opposition. For the first time in half a century, it is exposed to so many great dangers and blows of the reborn and by-now ruling Far Right.

We are holding our 40th Party Congress at such a crucial moment.

2. During the past two years and especially since the 39th BSP Congress, two tendencies have emerged in the party, two fundamental visions of our political tactics and strategy. And both tendencies are tendencies of change.

3. Both tendencies have advantages and shortcomings. But the one that has chiefly been our point of departure thus far has already revealed a number of weaknesses. It does not break conclusively with the past, does not break with everything negative therein. It is bound up with a policy that is weighed down by ideology. A policy of go-slow, often halfway, changes that are sometimes held up because of the interests of pressure groups. This tendency leads to isolation; it "speaks" only to the party. In practice, this tendency finds no resonance in the trade unions and other mass movements. It disregards the cooperative movements and formations. It does not help the TKZS's [labor cooperative farms] become agricultural cooperatives. It does not create new, genuinely voluntary cooperatives. In the area of economics, it has been a tendency of wait-and-see, of a certain irresoluteness. It has proved to be tardy and sluggish. In the social area, it has not taken account of the new realities. It has been able to protect neither key economic personnel nor ordinary laboring people.

4. The second tendency should burgeon from now on and demonstrate its advantages. It is founded on the realization that there is no way back. It is bound up with the search for agreement in society, with the avoidance of confrontation regardless of the difficult situation we find ourselves in. At the same time, it is a policy based on social democratic values—freedom, solidarity, social justice. It is a tendency that is for radical changes

without extremism, for real change that also takes account of the fact that, in many places, people of the past have entrenched themselves and, in some places, constitute something like a "shadow apparatus." This tendency's trailblazing does not "speak" only to the party. Its audience is wider. It creates the preconditions for breaching the isolation. Except that it affords such an opportunity both vis-a-vis the trade unions and youth and also vis-a-vis other parties and movements. With the result that the point at issue becomes one of the two tendencies rather than one of a "social democratic party" versus a "modern leftist party."

5. These two tendencies are not incompatible. Perhaps they are two aspects of the same reality. But, under given circumstances, one must give way to the other. Only thus can the party be preserved and grow. Such a change is necessary when the one tendency has exhausted its potentialities, when it has amassed errors and revealed its shortcomings that by this time make it socially ineffective. Then the necessity arises of an alternative vision of present policy, of the BSP's situation and of the tasks that lie ahead of it.

6. Such a necessity emerges from an objective analysis of the state of affairs and the processes in Eastern Europe and in the world as a whole.

The profound political changes that have been made in Eastern Europe are a manifestation of natural structural changes in the world order, of the formation of a new global world.

The present-day technological revolution and the resulting acceleration of the internationalization of social life in fact foreordained the collapse of the world's division into blocs. The high material and technical living standard, the transformation of a great part of the population into proprietors and coproprietors, and the formation of a powerful middle class with a high living standard changed the traditional capitalism. The tendency of bipolar imperialism was gradually replaced by polycentrism: the United States, Europe, Russia, Japan. It turned out that imperialism had changes, but not through revolutionary actions of one individual class. It eroded gradually under the blows of the objective technological, economic, and social changes as a consequence of the struggle of the nations for independent development. Imperial thinking itself disintegrated.

7. The all-inclusive structural and political changes in Eastern Europe, as a rule, had a democratic, progressive character. But, at the same time, the profound changes rapidly forced to the surface classes and social groups gripped by chauvinism and nationalism and led to long-repressed ethnic-and-economic and national conflicts.

8. The abolition of totalitarian socialism is actually an end of the building of the true socialist idea. The question of the peaceful transition from totalitarian socialism to a new socioeconomic system remains.

8a. The restructuring of the political map of Europe sets for the BSP [Bulgarian Socialist Party] the paramount task of inscribing itself in the European political structures, of being recognized and accepted in European political life. Otherwise, it will miss the common European process.

## II.

9. Several strategic goals of the party have been achieved since the 39th BSP Congress. To begin with, the peaceful transition from totalitarianism to democracy was continued and strengthened. It must be acknowledged that credit for this also goes to other political forces. But the main credit falls to the BSP, which did not yield to even such provocation as the burning of the party headquarters.

Second, a coalition government was created. In our opinion, this was necessary not only because of the extremely great social tension in the country, created by the then-opposition, but also because it was impossible to begin economic reform alone.

Third, the Grand National Assembly was preserved and the Constitution carried. It is a democratic constitution that created a foundation for the rule of law in our country, despite the fact that it does not decide in clear-cut fashion the question of democratic socialism or capitalism and leaves it dependent on the predominant political influence in the country.

Fourth, the party survived intact under onerous conditions and was preserved as a principal political force.

Fifth, it continued to change, although the pace slowed down considerably.

10. At the same time, during this period serious mistakes were made, which we cannot help but dwell on.

—In the ideological and theoretical area: With the adoption of the fundamental values of the Socialist International and the Manifesto on Democratic Socialism, there were, in fact, adopted the principles of the program of world social democracy. Our party is for a social state, for a social market economy. It is a party for social democracy, and there is no reason to shun these words.

—In the area of intraparty policy, serious mistakes were made with regard to the Declaration of the Party's Responsibility and the Guilt of Individual Party Leaders. To begin with, the question was delayed to such an extent that it provoked very negative reactions in party members and society. Moreover, because the question was not definitively decided, an atmosphere has now been created for a series of trials to begin. Such trials could have been instituted regardless, but the moral advantage would have been on our side. The point is not to cast unfounded accusations against people, but our leaders did not take resolute measures to clarify matters in timely fashion and did not take a clear, unambiguous position.

—Neither at the 39th Congress nor since then has the party received a satisfactory explanation of the role of the leaders—or, to be more precise, some of them—regarding the withdrawal of Petur Mladenov. Nor can the way in which Andrey Lukanov submitted his resignation be approved.

—One of the very serious problems the party faces to this day is its property. A number of attempts were made to arrive at a decision in the Presidium that relieved the party of a moral burden. They did not succeed. The matter took on a special acrimony at the All-Party Conference at the beginning of August. A proposal was made there by a commission charged with such a task—namely, that, of the party's remaining property, the minimum necessary should be retained; that we should give up the property of firms, with the exception of the publishing house and the center for scientific research; that we should declare that we would give the party building to society for cultural needs, confirming our ownership of it by effecting the actual transfer after the elections.

This proposal clashed with the firm position of the majority in the Presidium and in the BSP VS [Supreme Council]. Instead of our deciding the question ourselves, now our adversaries will decide it—and in a manner most unfavorable for us, at that.

—The position of the Presidium and of the Supreme Party Council itself regarding the coup in Moscow on 19 August 1991 was an occasion of bitter disputes. A political mistake with far-reaching consequences was made. The obstinacy with which this mistake was defended even after the collapse of the coup bespoke an attempt to minimize the serious political shortsightedness and was a manifestation of the style of the past.

11. The aforementioned serious mistakes and shortcomings in the work of the Presidium show that it was precisely the two tendencies that were evidenced in the approach of the Presidium to the solution of problems. It is very easy—and very superficial—to explain things either by personal attitudes or by a struggle for power. That is not the point. The point is that, in the Presidium, as a rule, the tendency to hold back, not to solve problems but to put them off, prevailed. For this, of course, arguments were always found, backed by an almost permanent majority that very frequently based its considerations not on what was proposed, but on who proposed it. Actually, this did not prevent great party actions as, for example, the elections. Initiatives were taken, but they were very few and very anemic. Most often they reduced to declarations rather than constant everyday contacts with the politicians and political parties. Our political activity in society was disparaged.

12. All of this, as well as other reasons, led to great isolation of the party. Isolation from the working class (the reasons, of course, were not all one-way), from a great many economic managers, from almost entire

professions (teachers, physicians—as a result of long years of economic discrimination), from a considerable part of the artistic intellectuals, for whom the party did not open up its structures, did not find a nonstandard approach and was unable to restore its attractiveness for these intellectuals.

We are likewise isolated vis-a-vis the traditional historical parties, more particularly from the parties in the Bulgarian democratic center. There are many objective reasons for this, but adequate activity and perseverance were not exhibited in this regard, while some mistakes were also made in the preelection period (color of the ballots, deadline for registration).

The isolation is especially perceptible internationally. It must be plainly said that the Western socialist and social democratic parties do not accept the BSP as a socialist party and regard it primarily as a communist party. This is a fact. We have not convinced European political circles that our party has categorically accepted the changes in Europe, in Russia, in the Baltic States, and in Ukraine, or that it is a necessary factor in the building of the new European home.

13. The facts and reasoning thus far set forth show that the time is ripe for a change in tendency, for discovery of new opportunities lying ahead for the party. What is needed is a policy of activity, of contacts, of constant communications with the centers of power—especially now that it is not ours. At this juncture, phony prestige is not useful. The point is not for us to feel easier socially but for our presence to be felt in personal contacts, as well; we should not be forgotten in “an ivory tower,” not that nearly every contact will be official or formal.

### III.

14. We must acknowledge that changes have taken place in Bulgarian society that we did not expect. Following 9 September 1944, there was a period of which we could say that the entire nation was with us. That is not so now. The elections clearly showed that one-third of the voters were against us; another third was neither with us nor with the SDS [Union of Democratic Forces] (Movement). Only one-third was with us. And this is the important thing, not the loss by 1.22 percent. We have lost over 1 million voters.

15. One of the important reasons for the drop-out of a considerable percentage of the people from the BSP is the general economic and political situation in the country and the world, a situation that is characterized by a general movement to the right. Matters became complicated when there appeared on the political scene new strata, different from those represented in the Grand National Assembly, spokesmen of restitution and political revenge, true forces of the restoration of capitalism. This also accounts for the extremist character of the right in our country. The leftist and centrist forces suffered a setback. No leftist counterwave can be expected in the very near future, but that is precisely why a left democratic and social party is needed.

15a. Another question confronts us, as well: a parliamentary or a mass party. We believe that the contraposition is artificial. The party must remain a mass party in order to be a real force under the conditions of parliamentary democracy.

16. This raises the question of the party's social base. This social base at first glance is homogeneous: In it, there are both manual and agricultural workers, office workers, and intellectuals. In their property status, however, the bulk of these people belong to a middle class—but a middle class of a special type that is characterized not by its producer goods (hitherto these were state-owned) but by its consumer goods. During past decades, consumer goods accumulated in this middle class precisely because it did not save for producer goods. This brought about its relative prosperity. The bulk of this class supports the BSP.

In this middle class, a social stratification will now set in; proprietors and coproprietors will be created. A new middle class of skilled manual workers, engineers and designers, artistically creative and technical intellectuals will strengthen its position. The party must strive to retain its influence on it, along with its influence on the socially weak and on poor people. But the party must likewise support and protect the interests of certain business circles, of business men and entrepreneurs, especially those in small and medium-size enterprises.

This is a description of a heterogeneous social base, in which are intertwined relatively different interests, but with a common denominator: social values, social justice, the opportunity for realization of one's personal potential, and collective security.

17. Here the question of the relationship between the BSP and the trade unions must also be raised. It will be wrong if the BSP swings toward its own trade unions. But it will be wrong if the BSP's isolation from the trade unions continues. What is needed are serious steps to establish contacts with them. It seems to us, however, that this depends on the trend of development the party takes and on the extent to which this trend is a reforming trend.

### IV.

18. What kind of party should the BSP be? Actually, it is the party that preserves the best from its 100-year history, from the traditions of left-wing socialism, from the struggle against capitalism and fascism, from the period of totalitarian socialism and from what has been achieved since 10 November 1989. But it is also a new party and must be a new party.

19. But where is its place on the political scene in our country? To begin with, the BSP is no longer a party of the far left. Found there now in the political spectrum are the communist parties and other leftist formations. The BSP is not moving leftward; it is moving in the opposite direction. And here the question arises: How far should this movement be? The BSP cannot and must not



displace the BSDP [Bulgarian Social Democratic Party] as a party of right-wing socialism in our country. The BSDP cannot now be a centrist party. The BSDP draws a line between itself and us but does not draw a clear and categorical line between itself and the right wing, and, until it does, it will not be a center party. But the center is not the place of the BSP, either. Its space is between the left-wing communist parties and right-wing social democracy.

20. But, essentially, the BSP is no longer either a communist or a purely socialist party.

—It has renounced coercion. It has renounced the dictatorship of the proletariat. It has renounced democratic centralism, it has renounced its leading role in the state, it has renounced being the sole party in the country. It has renounced common and undivided state ownership.

—At the same time, the BSP is for mixed ownership—state, cooperative, and private, for a mixed economy. It is for political pluralism. It is against a dominating ideology—it is for the values of humanism. It is for a rebirth of the moral principles of left-wing socialism. It is for ecological cleanness. Last, it is for democracy, for democratic socialism.

However, the values that have been adopted must, from now on, become part of the people's consciousness, must become criteria for the evaluation of political events, manifestations, and processes and, last, must become standards of conduct.

—In its practical policy, the BSP is for a social market economy with state regulation; for serious structural changes in our economy; for collective democratic forms of ownership—cooperative, corporation, and so forth; for maximum employment and an active campaign against unemployment; for restriction of exploitation and encouragement of production capital; for a social policy based on social justice, with active participation of the individual in social security; for a cultural policy that makes possible the creative individual's contribution and the familiarization of the broad masses with culture.

Internationally, the BSP has adopted the principles of the Socialist International and the values from which the International proceeds. The next step is application for integration into its structures.

21. All of this depicts the BSP as a leftist democratic party. And, if it has not yet become fully such, it is because the tendency of go-slow change, of a hold-back on reforms, has thus far prevailed in it. And, if this tendency prevails, however much we characterize it as new, modern, reformatory, and so forth, it will change painfully and halfway.

22. We see the party's unity as a unity of its tendencies and its movements and not as a monolith. It cannot be otherwise if the party is democratic.

23. Depicting the place of the party in the political spectrum still does not mean defining the content of its policy.

—The chief feature of this policy must be the change from a mainly ideological to a concrete policy. A policy that does not measure its effectiveness by criteria of whether it conforms to a given ideological postulate but by the achieved practical results that are pursued.

—This policy must be neither a slave of dogmas nor of empty abstract principles—it must be a pragmatic policy.

—Without giving up any social groups that are its social base, the party must appeal to the most active groups, to people who are enterprising, to people of action. And they—at least some of them—will come to it if a community of interests and mutual benefit is found. This is the way the party will pursue a policy of social action.

—The party's social policy must be, first and foremost, a policy of social protection. Socially weak, poor people should always look for and, especially, find such protection in the party's social policy.

—Here special attention must be paid to the unemployed. Party members must be especially active in the campaign against unemployment, must work together with the trade unions to keep jobs and look for the creation of new ones. The party must strive, at least in a long-term plan, for a policy of economic growth that will lead to a reduction of unemployment.

—All of this, however, is one aspect of the question. The BSP's social policy cannot be limited to social protection. It must be addressed to all active social groups. In this sense, it must be a policy of social progress.

24. Our party must have a clearly delineated economic strategy. Unfortunately, neither at the 39th Congress nor later did the BSP leadership commit itself to an integral economic policy. Through the ministers, we socialists supported the beginning of the economic reform, with its inevitable difficult and unpopular measures.

We support the general principles of the transition to a market economy, but we dissociate ourselves from the way in which they are applied. The delay of structural reform and the application of pure monetarism have resulted in a much higher social price of change than expected. Unemployment is approaching half a million people, with not a single unprofitable enterprise closed down. The state distances itself from the needs of the producers. Taxes and the interest rate are not stimulating production, while, at the same time, revenues are not coming in to the budget. A greater-than-planned budget deficit looms. All of this is increasing the inflationary potential in the economy incredibly.

If the economic policy of the Blue government does not change, this will lead in the very next few months to

grave consequences for the population—a price rise, unemployment reaching critical limits (600,000 to 700,000 persons), intense stratification of the population, and social conflicts.

Our alternative is different. It includes the following:

- A gradual change from a restrictive policy to a policy that stimulates production through a differentiated tax decrease and the guaranteeing of budget revenues from sales volume;
- Acceleration of structural reform through demonopolization, privatization, and active state regulation of sectorial restructuring during the transitional period;
- A gradual decrease of the interest rate and its differentiation, sector by sector and production process by production process;
- Completion of banking reform and introduction of a more liberal regime of banking operations;
- Further liberalization of prices simultaneously with an assured increase in incomes and a guarantee of a minimum living standard;
- Active attraction of foreign capital.

25. The party's new political course should be tied in with a clear policy on property.

We are for privatization that will lead to the formation of a large and stable middle class but not to the stratification of society into poor and rich classes. The BSP can propose a package of measures as follows:

- Conversion of the state enterprises into corporate enterprises and their gradual privatization with priority participation of the workers and national capital;
- Conversion of the present TKZS's into cooperatives in the sense of the Law on Cooperatives;
- Stimulation of private business through a preferential tax policy;
- Further development of economic legislation.

The BSP must have a concrete vision and policy in the area of the foreign debt. What is most important now is to renegotiate with the country's creditor banks and to reach a consensus on extension of the payment dates and cancellation of part of the debt.

Only then can the state assume guarantees of the Bulgarian Foreign Trade Bank's debt and return to normal credit relationships.

26. In the past two years, the BSP has not taken an active attitude on the national question and the ethnic confrontations in the country. The decision, correct in principle, of 29 December 1989 on the so-called national revival process was not followed up by the formulation of an integral position on these problems, including a position vis-a-vis the DPS [Movement for Rights and Freedoms].

We believe that the DPS has changed its character. Originating as a movement aimed against the "national revival process," as a movement for rights and freedoms, it has become a totalitarian structure that deprives Bulgarian Turks of free political choice and is aimed at the turkicization of the Bulgarian Muslims. Painful and serious questions arise wherever the Bulgarian population is in the minority. Social and ethnic tensions are growing. Matters are becoming complicated now that the DPS is a parliamentary stronghold of Blue power in the country and feels itself to be in power.

The question of the Bulgarian Turks has two aspects: One is human rights. The existing laws in our country represent a firm foundation and a guarantee of these rights of all citizens in the country. But there are already quite a few instances and situations when ethnic Bulgarians have been deprived of their rights, and this must also be taken into account.

The other aspect of the question is national security, and, on this score, concessions must be made to nobody.

The problem also has a third aspect. The BSP proceeds from the principle that the DPS cannot and must not be equated with the ethnic community of Bulgarian Turks and that a withdrawal of some of the latter community from the DPS will occur because of the movement's totalitarian character.

Last, this movement cannot be regarded as united—within it, currents are taking shapes that will also have to be taken into account.

At the same time, the party must guard against slipping into a chauvinistic, nationalistic policy toward which the ruling group is also pushing us.

## V.

27. Most characteristic of the situation following the last elections is that the BSP lost positions in practically the entire state system. The parliament, the Presidency, the government, and local authority in the large cities passed under the control of the Far Right.

There is an obvious danger of a unification of the different authorities under the control of the SDS (Movement) and of the rebirth of the neototalitarian traditions and machinery of state leadership. A furious attack has begun on key personnel, members of, or sympathizers with, the BSP and other democratic forces, in the judicial bodies, in agencies of the MO [Ministry of Defense] and the MVR [Ministry of Internal Affairs], state economic organizations, state mass information media.

Some of the party members meet the heavy blows and threats with much boldness and resolution. But others are disconcerted. Some fear that the party is becoming a hostage for the mistakes and fault of a party Establishment that has actually avoided its responsibility.

To this is added the party's serious financial status. The present leaders cannot find solutions that will improve matters. There are no guarantees that the party apparatus can be maintained or that the best key personnel will be kept.

28. But it must be clear—the question is one of the party's survival. It is possible if the socialist idea is preserved as an embodiment of democratic socialism. And it must not be forgotten that democratic socialism is an offspring of the left-wing tendency in social democracy. It is precisely this tendency that can assure the BSP's survival.

29. There are instances in the history of social movements when they—after enduring heavy blows—have had to turn back to their ideological sources, back to the fundamental values, the striving for the realization of which gave rise to those movements. That is how matters now stand with the party. Freedom, social justice, solidarity, the struggle to restrict exploitation, the hope for a better life for the people of labor and thought, for the creators of good things—these ideas and values are eternal. They accord with the interest of most of our people. So long as these exist, there will be a Bulgarian Socialist Party.

#### **Petkov Explains 'Success' at KNSB Congress**

*AU0403194392 Sofia TRUD in Bulgarian 26 Feb 92  
pp 1, 3*

[Interview with Prof. Krustyu Petkov, chairman of the Confederation of Independent Trade Unions in Bulgaria, KNSB, by an unidentified reporter; place and date not given: "I Played With Open Cards and Did Not Lose"]

[Excerpts] [TRUD] Professor Petkov, the whole crew of TRUD reporters who covered the congress of the Confederation of Independent Trade Unions in Bulgaria [KNSB] congratulates you on your election to the post of KNSB chairman. After the congratulations, we would like to pursue the interview with some questions. Before the congress, you declared that you would withdraw your candidacy for the post of chairman in case the congress should not adopt a statute likely to guarantee the further process of reforms within the KNSB. Why did you pose such conditions at that particular time?

[Petkov] Actually, there were three conditions I insisted upon: The first was that I wished to work with a team; the second was that I should obtain the support of the EKP [expansion unknown], and the third was that the statute of the KNSB be changed. The two first conditions were entirely fulfilled, while the third was only half-implemented—nevertheless, the statute was amended in a correct way. As you know, in politics—and trade unionism is nothing but politics—the great art is to achieve the possible and not the optimal.

[TRUD] One of our journalist colleagues recently stated that, if Trenchev wants, he can make the miners wear skirts. Could you achieve that much?

[Petkov] I prefer to guarantee good wages and jobs for the miners. It is neither my style nor the style of the KNSB to manipulate our trade union members and functionaries like puppets on a string, or to train them as political terrorists.

In this respect, there can be no comparison between Mr. Trenchev and myself, either in class or mentality. I come from a totally different trade union planet. I am interested in people's normal reactions rather than in their pathological behavior. [passage omitted]

[TRUD] In the extremely tense situation that emerged during the heated debates at the KNSB congress in connection with the election of the trade union's leadership, you declared that you would resign if you were not allowed to select your own working team. Was this supposed to be a threat?

[Petkov] There was a special episode that remained unnoticed by the audience at the congress. When the statute was adopted, the leading team gathered, and I asked what we should do. Should we stay for another year or ask someone else to assume the leadership in view of the financial and organizational restrictions the delegates imposed upon us? The sense of responsibility toward the KNSB prevailed. As long as my colleagues promised me to stay on, I could not betray them later (even if the chairman's post was at stake). This is what teamwork is all about.

Some of the delegates accused me of insisting on ultimatums, of not behaving democratically. However, is it democratic to force me to work under financial restrictions, while the property of the KNSB is threatened by confiscation and my rights are being curtailed? In addition to this, I was supposed to be worthy of the statute that was generously presented as a gift to us and to implement it with a team imposed on me by force. This is what I call a dictatorship of the masses that has nothing in common with democracy. Therefore, I did not threaten; I just played with open cards. [passage omitted]

[TRUD] You declared that the KNSB leadership intends to work "economically." What do you mean by this?

[Petkov] I promised that I would accomplish five things within one year. They can be described as follows: Negotiations with the government (to be completed approximately by the end of March 1992); a provisional settlement of the property question (as long as the law on confiscation has not been repealed); the consolidation of the KNSB as part of the European and worldwide trade union movement; the training of a new team of KNSB leaders and experts; and the preparation of a new regular congress. In view of such working tasks and under the organizational restrictions that were imposed on us, the



central leadership will drastically cut down its administrative activities in serving the organization. This kind of work and responsibilities are already assigned to the local organizations. Drastic personnel reductions are expected to take place within the central leadership, despite the opportunities for personal and time-limited contracts. Nevertheless, we intend to defend the trade union interests. The elected working team, together with a selected group of top specialists, is capable of doing so.

[TRUD] Could you get the right impression from the congress proceedings what kind of people and what kind of trade union you are expected to lead for another year?

[Petkov] I expected a highly politicized group of delegates inspired by partisan passions, while it turned out that the main differences and controversies focused on internal trade union problems. Even our social reformist, pro-centrist orientation of the KNSB was accepted without any objections, which would have been unthinkable two years ago. Nevertheless, I am rather worried about the mediocrity, the aggressiveness, and the narrow-minded mentality that characterize part of the delegates.

[TRUD] Does this mean that you are a pessimist?

[Petkov] No, I am just a realist. It is high time for the rank-and-file trade unionists and organizations to wake up. Only as long as everyone is ready to declare "I am the KNSB" will the future of the organization be guaranteed. Such voices were rare at the congress. Nevertheless, they were heard, which, in its turn, inspires hope.

### Attempt 'To Pull KNSB Out of Quagmire'

AU0503100692 Sofia DUMA in Bulgarian  
27 Feb 92 p 4

[Article by Ekaterina Popova: "Krustyo Petkov Did Not Beat a Retreat, Despite the Risk"]

[Text] The forecasts did not come true from the time of the 8 January national strike that an eventual unfavorable course of events for the Confederation of Independent Trade Unions in Bulgaria [KNSB] could lead to sharp left-wing-type anarchistic changes among the top people at the trade union's main offices. Despite the radically changed situation from the time of the constituent congress two years ago to the extraordinary congress that finished just a few days ago [24 February], the leadership of the independent trade unions has remained in the hands of the present professorial team.

Instead of beating a retreat and transferring to someone else the responsibility to save the confederation, Prof. Krustyo Petkov and his followers decided to take the risk for one more year. They took it upon themselves to pull the KNSB out of the quagmire before it is finally swallowed up as heir to the one-time official trade unions by the unrelenting mud of the dark blue thirst for revenge.

The old-new leader renounced all self-interest in his readiness to remain head of a trade union with such an uncertain future as the KNSB. He stated that he has no intention of either turning the trade union into his own empire or using it as a jumping board for his own political career. Quite the contrary, Professor Petkov said that he would step down from the chairmanship after the confederation's second regular congress at the beginning of next year because "an organization that totally relies on its leader and makes him into a cult figure cannot be democratic."

The withdrawal of challenges by Prof. Svetoslav Stavrev and Dr. Zhelyazko Khristov left Prof. Krustyo Petkov's candidacy for the post of leader without any competition. The previous chairman of the head office did not even succeed in discrediting the noisy rumors against the leadership put about by Boris Popyankov, chairman of the Finance Auditing Commission, that they were guilty of lining their own pockets from the trade union's own companies. The congress supported the professor and, despite heated arguments, even allowed him to choose his own team.

Against this background of almost total unanimity, it remained inexplicable why the delegates, when voting on the new statute, all at once became frightened by the specter of excessive centralization and refused to give the leaders the freedom of action that is so vital at present. Not only did they restrict their authority but they also deprived them of finance by allocating the main office barely 15 percent of the membership's subscriptions.

There followed a watered-down version of the most dramatic moments of the congress of the opposing Podkrepa Labor Confederation—a realization of reality after the event, the withdrawal of the chairman from the Presidium but not from the organization, a stormy reaction from the congress hall. The only difference from Podkrepa lay in the outcome not being to the leadership's advantage—the article in question was not reconsidered.

Despite the KNSB's declarations of revival and democratization at its extraordinary congress, orthodox principles undoubtedly gained the upper hand. This is actually no wonder, bearing in mind that 40 percent of the delegates were paid trade union workers who have not, in any case, succeeded in throwing off the way of thinking embedded in them throughout the years.

### 'Scientific' Seminar Stirs Up Ethnic Feelings

AU0503124792 Sofia PRAVA I SVOBODI in Bulgarian  
28 Feb 92 p 3

[Commentary by Salih Bozov: "Politicized Scientific Seminar"]

[Text] On 13, 14, and 15 February 1992, something resembling a scientific seminar took place in Smolyan on the subject "The Nation and Bulgarian Nationality Problems." It was organized by the "Rodolyubie"

["Patriotism"] Rhodope Union and a number of the capital's institutions. The popular historians Prof. Nikolay Genchev, Prof. Ilcho Dimitrov, Prof. Andrey Pantev, and Prof. Shopov participated in this "event," as did Academician Kiril Vasilev. Messrs. George Ganchev, Petur Beron, and Rumen Vodenicharov, the unsuccessful candidates for Bulgaria's presidency and vice presidency, also revealed their true colors, vividly and with "artistry." The presence of officials from the Union for the Defense of the Rhodopes (from whom or what, one may ask!) was evident, as was that of officials from the fascist-communist "Rodina" [Homeland] and its successor "Rodolyubie." Dr. Dertliev and Khristo Smolenov, who pass as the slyest of nationalists, made an impression. Communist and Socialist notables demonstratively put in an appearance.

The historians' reports and accounts demonstrated marked professionalism and a scrupulous adherence to historical truth. The audience, filled with gloomy nationalism from the outset, burst into shouts of approval and applause when the lecturers expressed their hostile attitude toward the presence of the Movement for Rights and Freedoms [DPS] in Bulgarian sociopolitical and parliamentary life. In this context, the "scientific" emphasis palpably heated passions and set spirits on fire. The historians realized this and began to present more moderate appraisals and interpretations. However, when local politicians and public figures joined in the seminar, with the intention of passionately heaping abuse on the DPS—especially its presence in the Rhodopes—the temperature rose to a level that Professor Shopov, the seminar's chairman, was unable to control. Some officials, circles, and politicians interpret the irrefutable fact that the DPS has found a place in the souls and the hearts of the Rhodope population as a ridiculous intrusion. This upsets their mental balance and lays bare their intolerance of any different way of thinking. They neither comprehend nor can come to terms with the fact

that the appearance of the DPS in the Rhodope mountains is not a whim of Ahmed Dogan or Svilen Kapsuzov, but a consequence of an irrational and brutal policy and a natural need for individuals to determine their political inclinations and affiliations for themselves. To deny one's neighbor the right to determine his own views, without interference and force, has a negative effect and increases conflict. Have we learned nothing from the poet Vazov's words "It is impossible to extinguish the eternal flame," especially by force, ignorance, and obtuse guardianship? Following the same line of thought, the "scientific" seminar began to resemble a street scene from the not-too-distant time of the "cultural revolution" and the barbaric Velichko Karadzhov, who used to shout out in his sleep "Class-Communist Party upbringing and the sweet-sounding name of Bulgaria!" The contrived participation of Svetoslav Mavrov, a native of the village of Trun, reminded one of the maxim "Nothing old is forgotten, nothing new is learned." The impromptu appearance of Mikhail Ivanov, presidential adviser on the nationality issue, to a certain extent quelled prejudices; he made a well-argued speech in the interest of national consensus and coexistence on an equal footing for all communities in a democratic Bulgaria, based on the rule of law, which looks toward Europe.

Many of those who attended this notorious seminar took a dose of bitterness away with them from this uncalled-for Smolyan involvement in the political intrigues surrounding the vitally important matter of the nation and the Bulgarian nationality problem. The path that rejects the other person and his different way of thinking is not the true one and not the most desirable for good-neighborly coexistence between ethnocultural and religious communities. This path needs to be redrawn and rethought, not so much by the people as by the politicians. Confrontation is alien to the majority of Bulgarians, Turks, Armenians, Jews, Christians, Muslims, Catholics, and atheists. Life has repeatedly proved and demonstrated this. Gentlemen, political outcasts with your sick ambitions, do not brandish your torches.... That is the way fires are caused!

## Milovy Agreement Seen as Carnogursky's Failure

### Milovy's Treaty Version Rejected

92CH0351A Prague LIDOVE NOVINY in Czech  
18 Feb 92 p 3

[Interview with Jan Klepac, deputy chairman of the Slovak National Council, by (hri); place and date not given: "Slovakia Is Nowhere in Sight"]

[Text] [(hri)] The KDH [Christian Democratic Movement] was the first to come up with the idea of a treaty. You are a representative of that portion of the movement which voted against it in the SNR [Slovak National Council]. What led you to make that move?

[Klepac] The KDH was the first to come up with the idea of a treaty, but a state treaty. Not with the idea of an agreement to which the document from Milovy essentially stooped. Until recently, we were talking of a state treaty between the Slovak Republic and the Czech Republic. When the adjective "state" provoked the Czech scene, we called it the "treaty between the Czech Republic and the Slovak Republic." When even this could not pass, we came up with the idea of a "treaty on the principles of a constitutional arrangement" with the stipulation that the first article of the treaty would state that "participants in the treaty are the Czech Republic and the Slovak Republic" with the alternative language indicating that the "Czech Republic, represented by the CNR [Czech National Council], and the Slovak Republic, represented by the SNR." This fundamental element was dropped from the Milovy proposal. It was replaced by the well-known formulation: "We, the people of the Czech Republic, and we, the people of the Slovak Republic." Apart from that, there were also some significant shifts regarding individual jurisdictions. On 7 January, the Presidium of the SNR managed to agree on 22 disputed points in the proposed treaty. The treaty with which the Slovak representatives returned from Milovy is another document. Significant shifts occurred in matters of foreign policy, with regard to the ministries of the interior (protection of the state border), with regard to the question of banks, when a single entity—the Czechoslovak State Bank—was agreed on instead of three entities. Execution of customs administration is also part of the duties of the federation.

[(hri)] The chairman of the KDH, Jan Carnogursky, who is the "spiritual" father of the treaty, as well as Milovy participants Ivan Simko or vice chairman of the KDH, Jan Petrik, evaluate the treaty in a positive manner. Ivan Carnogursky has even stated that he has not seen a document which would better express the sovereignty of Slovakia.

[Klepac] Look here—in the final analysis, the citizens themselves will have to form their views. Just like the members of the KDH. I think that we need not sign this document or call it a treaty, because it essentially circumscribes the text of the valid Constitution in one part, even drops below that status in a second part, and in a

subsequent portion makes references to laws which will be adopted sometime in the future. We want a document which visualizes two entities—the Czech Republic and the Slovak Republic. This did not come about. This did not come about as a result of the legal fundamentalism exhibited by the Czech side which is, moreover, interested in not seeing Slovakia made visible as an entity. Not even in intrastate relationships.

[(hri)] Jan Carnogursky has stated that failure to sign the treaty leads to a serious endangerment of the security and safety of Slovak citizens. Is he right?

[Klepac] I consider this to be the private opinion of the prime minister. Neither the Presidium of the KDH Council, nor the Slovak National Council have taken such a position for the present. There are even other catastrophic scenarios. L. Nagy, vice chairman of the SNR, has stated that this is a step into the dark, a fall into the unknown, the following of the Yugoslav way. I do not believe that anything like that is happening. Our present constitutional status prevails. It is absolutely absurd to browbeat Slovak representatives for trying to conclude a finally correct treaty.

[(hri)] How will you react if Saturday's council meeting of the KDH confirms the treaty?

[Klepac] I do not believe it will be confirmed. Each of the delegates must solve his own internal problem on three levels. The relationship toward the electorate, the relationship toward the movement, and the relationship to his own conscience.

[(hri)] You are a supporter of confederation. But it requires two...

[Klepac] I am in the camp which supports a freer tie between the Slovak Republic and the Czech Republic. More and more members of the Czech intelligentsia are joining this camp. To name a few: Petr Prihoda, who says that the optimum starting point would be the gradual dismantling of the federation. Jan Rychlik, who contends that a federation established on civic principles is unacceptable to the majority of Slovaks, a confederation is unacceptable to the majority of Czechs, two independent states mean excessive risk for both. Consequently, he sees a solution in some kind of dual statehood, in a Czecho-Slovak compromise similar to the Austro-Hungarian one of 1867.

[(hri)] However, the sole Slovak partner for this concept is the HZDS [Movement for a Democratic Slovakia].

[Klepac] Why must we look for a partner?

[(hri)] There will be elections and after the elections there will be a need to form a government.

[Klepac] The KDH does not anticipate forming a pre-election coalition with anyone; the results of the elections will determine the coalition. We are entering the elections in such a manner as to permit us to select partners and not the other way around.

[(hri)] It is being said that for that part of the KDH which voted against the treaty there would remain only one step—in the event the treaty is confirmed within the KDH Council—the formation of a pre-election coalition with the HZDS. Do you exclude that possibility?

[Klepac] So far, I have not heard these reports. Personally, I do not anticipate taking such a step.

[(hri)] Do you not even anticipate that this is the very question upon which the KDH will be divided?

[Klepac] I am no clairvoyant.

[(hri)] But that possibility exists...

[Klepac] Put down that I shrugged my shoulders.

### Prime Minister's Idea Termed Error

92CH0351B Prague LIDOVE NOVINY in Czech  
18 Feb 92 p 3

[Commentary by Stefan Hrib: "The Error of Jan Carnogursky"]

[Text] It has long been known that the "stellar" idea of the independent entrance by Slovakia to an integrated Europe had its origin in the head of Jan Carnogursky, who was dreaming of it long before the year 1989. Even during the time of the "victorious" proletarian internationalism, did Jan Carnogursky have the vision, which was unimaginable at the time, of a Christian Slovak nation, striding with a European history in its own state. A state which he visualized as being democratic, decent, and prospering.

Therefore, as soon as it was possible he established his own political movement, the title of which clearly expressed even Carnogursky's notions of Slovakia: Christian-Democratic. It is a movement through which this daring Slovak visionary wanted to reshape the land beneath the Tatra Mountains in his image which, in his view, coincided with the image of God.

After Vladimir Meciar was recalled, Jan Carnogursky also took Slovak policy into his own hands, in addition to the office of prime minister. He systematically rejected all accusations of clericalism, separatism, Catholic totality, he even parried the attacks by the recalled Meciar, who had been humiliated unto death by being recalled. He thought up the idea of a treaty between the republics and, together with this idea, promoted the privileged position of the national councils with such skill that virtually no one paid attention to the fact that Czechoslovakia is no longer a single state. Everything was accomplished in the democratic manner, decently, and without violence. A dream became reality. At the same time, within the movement of the Christian Democrats, new personalities began to rise up, its structure and hierarchy were being completed. And somewhere here, at a certain discernible moment, Jan Carnogursky made a fateful error. He did not catch on to the discernible fact that his movement was serving some individuals

for goals which were diametrically opposed to his own ideals. When he noticed, he sanctioned their actions with his own authority in a "Christian" manner in the interest of KDH [Christian Democratic Movement]. He rejected ideas calling for the breakup of the KDH, he rejected calls for the expulsion of members or ministers who were clearly incompetent (Oberhauser's repeated failures in prosecuting even the forestry laws in the SNR [Slovak National Council]), he rejected the accumulating contemplations regarding the ideological direction of part of the movement favoring Meciar's HZDS [Movement for a Democratic Slovakia]. The dream of a star became a narcotic poison.

During all of this, parties and movements came into being in Slovakia which began to virtually invoke the vision of an independent Slovakia (even against the will of the Slovak citizenry). It became the dream goal of all those who feel threatened by lustration, of all those whom November 1989 caught unprepared, but who wanted to accomplish something revolutionary at least in the postrevolutionary period. The only way to distance himself from these forces was by putting off the "Slovak dream" in the interest of democracy for an indefinite period, purging his own movement, and joining the democratic blocks in the Slovak coalition. Jan Carnogursky did not do so.

Events deteriorated rapidly. The Economic Club of the KDH, under the leadership of Viliam Oberhauser, was torpedoing the reform with growing conceit; Jan Klepac immediately and skillfully assumed the role of the most specific supporter of Slovak interests within the KDH. Even the HZDS reacted. Meciar declared repeatedly that he would accept the KDH without Jan Carnogursky. The fact that without its chairman, the KDH would become a farmer's cooperative for Vladimir Meciar went unnoticed.

However, to respond to Meciar's lucrative offer was not easy for Jan Klepac or for Viliam Oberhauser. At the KDH Congress in Zilina, their offensive within the movement ended in a fiasco. The congress did not accept their aggressive statements, in contrast to the speech made by the chairman of the KDH. The election of a chairman ended in a similar manner.

Following a lengthy period of hesitation (and clearly also the monitoring of election preferences by the HZDS), the "national radicals" within the KDH made a decision. Jan Carnogursky's most sensitive spots were impacted by the treachery. Last week, the "Klepac followers" cynically wrecked his laboriously constructed agreement between the republics (by referring to the needs of Slovakia).

The big dream of a Slovakia has, thus, definitively come to an end. On the contrary, what remains are the words of the chairman of the KDH regarding the real possibility of a threat to Slovak citizens. In other words, precisely the words which were being pronounced some time ago by all of the democratically thinking critics of Carnogursky.

Some time ago, Jan Carnogursky compared his movement at the Zilina congress to a fighter plane on board an

aircraft carrier. He did not believe at that time that his "brothers" would be the ones to catapult him from the carrier. Today, it seems that the entire Slovak nation will pay for this mistake. Even if, paradoxically, this may not occur until it has its own state.

### **KAN, KPVS Call for Trial of Communist Crimes**

AU0503104392 Bratislava PRAVDA in Slovak  
29 Feb 92 p 2

[CSTK report: "Juxtaposing Putsches"]

[Text] Kosice—At a Slovak conference on the crimes of communism yesterday—a conference organized by the Club of Non-Aligned Activists [KAN] and the Confederation of Political Prisoners of Slovakia [KPVS]—KAN Chairman B. Dvorak pointed to the need for the debolshevization of society by legal means. He also spoke about the preparation of court proceedings against the people who actively participated in illegal practices of the former regime. According to him, proceedings based on model charges should take place in Prague in November this year and should be a replica of the Nuremberg war crimes trial. KAN Deputy Chairman J. Olejcek explained, among other things, KAN's activity regarding recognition of the so-called third wave of resistance and said that its members would run in the elections together with the Civic Democratic Party and the Democratic Party. S. Pazdera, KPVS secretary in Presov, suggested organizing a world tribunal dealing with crimes of communism and he described the fate of our people illegally deported by the NKVD [Stalin-era secret police] organs into Soviet gulags by the end of World War II. He also provided information on their rehabilitation and compensation. In his address, V. Pavlik of Povazska Bystrica, a signatory of Charter 77, drew a parallel between the February 1948 [communist takeover in Czechoslovakia] and the present time. He compared the characteristics and political activity of Klement Gottwald [communist president of Czechoslovakia after the 1948 takeover] to that of Vladimir Meciar and he said that a leftist putsch is being prepared in Slovakia.

### **Insufficient Funding for Army Criticized**

AU0503115092 Bratislava NARODNA OBRODA  
in Slovak 2 Mar 92 p 3

[Article by Anton Fillo: "'Starvation Rations' for the Army"]

[Text] The collapse of the system in the East Bloc countries has thoroughly shuffled the military cards in Czechoslovakia, too. We were part of the bipolar orientation of the world's powers and, all of a sudden, we find ourselves in a vacuum. Our security, integrity, and sovereignty are not guaranteed by a big brother and ally. Our wishful thinking is that we should not stand in anyone's way—anyone who is striving for power.

A recent two-day military conference in Brno was expected to shed some light on this issue. At the conference, complex questions concerning our defense were

discussed from all points of view. The Army General Staff has drawn several plans for the defense of our republic. Even the president, as the Army's supreme commander, approved the Army's operational plans at the beginning of the year. Still, this is not the right thing. We lack one thing—Czechoslovakia's military policy has not been defined. Not the military, but the government must draw up this policy. It is logical that the adoption of individual military laws is being delayed for this reason. A situation arises then in which legislative measures must catch up with measures that have already been implemented in practice.

It is only logical that we want to build our army within the framework of the Pan-European security systems and, above all, in harmony with the conclusions of the CSCE. Still, we must be able to realistically estimate our own capabilities. Here, our situation is not optimal; rather, the contrary is true.

Why? Well, funds are the alpha and the omega. Originally, it was planned that defense spending would reach 39.4 billion korunas—the minimum limit was 34 billion—and the reality is 27.9 billion, which is precisely "starvation rations" for the Army. With this money, the military can survive, they can eat, and they need not be afraid of large military exercises, and very little will be left for the present redeployment of the Army.

Even worse is the fact that our military technology is obsolete and no forces will be modernized. The process of professionalization will be stopped, the logistics support situation is critical, and some research and development projects have been reduced or entirely stopped. The worst thing is that arms production by Czechoslovak industry will be liquidated.

In order to better understand the situation, we must study the average amount spent last year per 1,000 inhabitants on the armies of individual countries. In the United States, Italy, Great Britain, France, and the FRG, approximately \$674 were spent; in Finland, Norway, Denmark, the Netherlands, and Ireland, about \$474; and in the countries in our vicinity, such as Austria, Hungary, Poland, and Switzerland, \$206. In the CSFR, it was only \$55! When looking at this comparison, even an atheist might exclaim: God, protect us from the devil!

### **Ambassador Chmel Interviewed on Gabcikovo Project**

AU0503073592 Bratislava SLOVENSKY DENNIK  
in Slovak 2 Mar 92 p 3

[CSTK report: "What Next, Gabcikovo?"]

[Text] Budapest—Rudolf Chmel, CSFR ambassador to Hungary, was asked by a CSTK reporter to explain some circumstances leading the Hungarian side to adopt a certain course of action regarding the fate of the water dam project on the Danube river.



The ambassador has participated in all intergovernmental meetings on the water dam system on the Danube river, and he knows well the stance of the Hungarian partners. The first question was how the CSFR should proceed, in his opinion, in the present situation.

"We must continue the talks," said Rudolf Chmel. He added that, in his opinion, the talks should not be blocked by a possible rejection of recent suggestions contained in Prime Minister Antall's letter, in which he speaks about the possibility of unilateral withdrawal from the treaty. "Not to mention the fact that even after a possible withdrawal from the treaty we would be forced to hold talks anyway. The delegations have adopted completely opposite standpoints: Our side is for the completion of the project according to the treaty in effect, and the Hungarian side favors abolition of the project and the treaty. In the summer of last year, our delegation suggested that a tripartite expert commission be established composed of CSFR, Hungarian, and EC representatives. Again, the Hungarian side blocked this.

"Today, they are trying to imply that we are against a tripartite commission. We could long ago have had the results of such a commission on our tables and on the tables of the politicians," he said.

"The Hungarian side is dramatizing the Gabčíkovo-Nagymaros project, and presents it as an international problem. However, if both partners stress that they are seeking a joint solution, then there is no other possibility than to quickly accept the possibility of establishing a tripartite commission and letting the commission start working without any preliminary conditions."

Rudolf Chmel also replied to the question regarding the intention of some Hungarian politicians to present the dispute on the dam system project on the Danube river before the International Court in The Hague. He said that during the talks in Bratislava last year in June the Hungarian side did not want to accept the proposal for the establishment of a tripartite commission, saying that Europe would gain an unfavorable impression that the two countries are unable to reach agreement. "Now we hear from the same people that we must present our case to the Court in The Hague, to the International Court. It is really necessary to depoliticize the problem. However, in view of the reality we are facing now, this cannot be done without the expert commission," stressed Rudolf Chmel, Czechoslovak ambassador to Hungary, at the conclusion of this interview with a CSTK reporter.

#### Needs of Gypsies Still Neglected Report Concludes

92CH0344A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 8 Feb 92 p 3

[Article by Berthold Kohler: "With the Revolution, From the Frying Pan Into the Fire: The Gypsies in Czechoslovakia"]

[Text] Prague, 7 Feb—For that which Zlata Balazova calls "home," there is only one word that really fits: It is

a hole. The way to the dwelling occupied by the woman and her family leads through a stairwell in which mold has taken over the walls and mustiness has taken over the composition of the odor that prevails. It leads past dismantled automobile wheels, passes under loosely hanging electrical wiring into a room which could not have had a much poorer appearance even prior to the war. In a space measuring a good 12 square meters, the four-member Gypsy family does its cooking, washes its laundry, and, on Saturdays, positions the bathtub. Dripping wet underwear hangs over the pot-bellied stove, which is the only source of heat for the common bed-living room for the children and parents. Next to the wash basin—running water is available only in the hallway of the building—there is a molding piece of bread. Mrs. Balazova says that she has frequently had to send her daughter to school without a snack for recess because there was no more money left.

The Balaz family, man and wife, have been out of work for months and receive no unemployment compensation because they are members of a population group in Czechoslovakia which is on the verge of ruin, both economically and also socially, throughout Europe: They are Romanies or Gypsies as they are called by the "whites." In Czechoslovakia, the concept of "cikani" is, for the most part, also used in the derogatory sense; even though only a very few of the people so designated perceive it as such.

The 800,000 to 1 million estimated Gypsies in Czechoslovakia, who were not exactly tolerated with benevolence even under the Communists, have found themselves jumping from the frying pan into the fire after the "velvet revolution." With the elimination of the communist system of repression, the "democrats" also took the lid off the box of racism which, although it was always latently present, is experiencing an unprecedented upswing. "Here, as well as all over Europe, there is organized hatred of Gypsies," complains Gustav Horvath, the chairman of the Olass Roma Union, which is among the 32 Gypsy interest groups in the country. "The state is doing nothing for us," says the young Romany, who, at age 18, has already been the "weida" (head of a Gypsy village). "In this country, there is official racial discrimination."

Because most of the Vietnamese guest workers—the "Turks" of Czechoslovakia—have left the country, entire gangs of "skinheads" have ganged up on the Gypsies. According to statistics, fights between Romanies and rightist radicals have thus far only resulted in one death; Romany representatives, however, speak of more than 10 deaths. Mothers are afraid to send their children to school, fathers are already organizing a guard service to protect those attending school, during and after school, against excesses. Of the approximately 25,000 Gypsies in the city of Prague, only about one in 10 claimed to be of that nationality during the most recent census. Fear and irritation cause many an older Gypsy to recall the "good old" days under communism when one at least did not have to fear for life or limb.

### The Police Are Holding Back

The police, who have been pushed to the wall by the tidal wave of crime and are continuing to be stuck in a crisis of identity and authority, are holding back. No one among the Romanies wants to rely on their protection anyway. The state keepers of order acted in a no less discriminatory manner than the large majority of the Czechs and Slovaks, it is said. The promises of the "skinheads" that they would take care of "order" in place of the state authorities and would see to establishing a "clean Bohemia" have also found across-the-board approval among the "decent" citizenry in such focal points of dispute as are found in the northern Bohemian town of Teplice, at Usti nad Labem, in Ceska Lipa, in Most, or in Moravska Ostrava, where many Gypsies live in ghettos. Good rapport was never found with respect to Gypsies who, after the war, were brought out of eastern Slovakia, first by Benes and then by the Communists, and were settled in the houses of expatriated Sudeten Germans, in houses which were spared from Czech destruction.

Now, the "natives" are, moreover, concerned with their own property. After all, criminality has also exploded among the Gypsies. Viewed statistically, last year, the Romanies accounted for three to four times as many criminal acts as did the Czechs. Hundreds of Romany girls are selling their bodies in the capital city and along the highways to Saxony; the "accompanying criminality" is not far behind.

The "skins" and not a few Czechs see this deplorable state of affairs as being unavoidably based in the "nature" of the Gypsies; the Romanies themselves, understandably, view this state of affairs differently. In actual fact, the Romanies in Czechoslovakia as well as in the other East European countries are stuck in a vicious circle which offers only a few opportunities for escape. As uneducated, unskilled workers, or casual laborers, who, for the most part, do not know how to read or write, they are the first to fall victim to economic crises resulting from reforms. They are seldom channeled into new activities. And not all of them, accustomed as they are to casual work, are willing to accept just any job. After a few years of school, the children, not having mastered Czech, are dispatched to special schools. "Czech parents do not want our children to sit together with theirs," says Agnesa Horvathova, one of four Romany social workers hired last year by the city of Prague, which has 1.2 million inhabitants.

### The State Has Other Worries

The fact that the state has totally different concerns and, primarily, has no money for "its" Gypsies is being readily admitted even at the Federal Ministry of the Interior. The dispute with the Slovaks regarding the future of the federation is said to be paralyzing political development within the country, according to the

spokesman for the minister of the interior, Fendrych. He himself says he was raised among Gypsies. For decades, Gypsies were permitted to be perceived as "underclass people" and were treated as such and very little has happened in this regard since the revolution. "That is now coming home to roost."

In view of the multiplicity and the overlapping nature of the difficulties being experienced by the young democracy—and this is becoming clear not only with respect to the Gypsies and not only in Czechoslovakia—there is little time and money left for so-called "marginal problems." The number of Gypsies in Central and East Europe is estimated at 10 million; most of them are considerably worse off than their "brothers" in Bohemia. Thus far, none of the governments in the East have come up with a convincing concept of how to overcome the pauperization of this ethnic minority.

The "Czech" Romanies are particularly exercised over the fact that "those in power" are not even devoting attention to them. "Measures concerning us are taken without our presence," states Emil Scuka, chairman of the largest Gypsy organization in the country, the "Romany Citizen Initiative" (ROI). Proposals made by his organization to the Czech Government have reportedly remained unanswered even a year later. In Scuka's office, there hangs the finished design of an education center in Brno which could take thousands of Romany young people from the streets and lead them from crime toward schoolbooks and workbenches. It would cost 1 billion korunas [Kcs]—the price most likely took the wind out of the sails of government officials. Scuka feels that the national economy would benefit "10-fold" from this project.

But the project is probably going to remain as much a dream as the notion that the Gypsies could some day live in Central and East Europe without economic, ethnic, and social discrimination.

In view of the not-so-rosy prospects, it is not surprising that many Romany families are thinking of leaving the country. In economically still weaker Slovakia, where some clans are living "as in the 16th century" (according to a delegate in the National Council), not a few have already packed their bags and are moving westward, along with Gypsies from Romania. The Romanies of Bohemia are also ever more frequently looking in the direction of the setting sun. In every conversation, sooner or later the question arises whether one might still find acceptance over there, in the "golden" West. Questions particularly pertain to one country over and over again; the relatives who have already settled there have reported fabulous things about the "promised land." It is said to be large, "immeasurably" rich, and even the Gypsies there are well off, says Mrs. Balazova, before she turns her attention to her laundry again. The praised country has a long border with Czechoslovakia. It is called Germany.

**Antall's Speech on World War II Stirs 'Storm'****Alliance With Hitler Evaluated**

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[Text of excerpt of speech: "The Speech of Dr. Jozsef Antall, Prime Minister, at the Museum of Military History—11 January 1992"—paper notes that a few personal reminiscences were omitted]

[Text] Colonel General! Mr. President! Ladies and Gentlemen!

What is the meaning of this meeting, how should we interpret the fact that after last year's meeting with the same people and on the same occasion this remembrance has become a regular event? True, the remembrance has been linked to an anniversary, but today's date is not only an anniversary date, and this meeting is not merely a reminiscence of the tragic fate suffered by the Second Hungarian Army. It is not only a memorial to honor our deceased comrades-in-arms, and it is not only an expression of solidarity with those who survived. This date also calls for an examination, a self-examination of the entire situation in which Hungary found itself in World War II, and of the conduct we, Hungarians, manifested during World War II. Today is also a memorial day to recall the honor, the decency and the heroic conduct of the Hungarian soldier, a day when we must clearly recognize all that has happened in those days—things you must be proud of, and things this nation must be aware of, and must by all means espouse. The truth of this matter is known to those who have been there and have survived, and to the widows and descendants. It must also be made known to the entire nation, because what has taken place then and there is part of what we call our national consciousness, and it is part of the spirit this country needs in order to regain consciousness, to truly embark upon an upward path.

Last year I had this much to say: Some similarity exists between the present situation and leaders of this country, and those who took part in the fighting along the Don River. This similarity exists in the sense that we must try to return from something with honor after a great calamity, a grave defeat, and that more has to be done than to fight our battle with honor. We must make an honorable attempt not only to return to the line of the Carpathians, but also to the traditional values of a decent people that has lived in this homeland for 1,100 years, and to a thousand years of Hungarian statehood and Christendom.

You have heard the sermon at Matthew's Church. The kind of spirit described in the sermon is the one that mandates us to provide something that holds this country's faith and soul together, and holds us together with a sense of morality without which no nation can exist. A British example has been mentioned in the sermon—so that no one could say that we were not looking at the other side when discussing soldiers' honor.

I vividly remember the day a decade ago when the Falkland war broke out. We were aware of the gravity of that war from the standpoint of British domestic policy and military strategy, and we were familiar with the problems surrounding that issue. But these things were of no interest. Instead, a newspaper article reporting the findings of a (West European) public opinion poll that was taken a few weeks before the Falkland war caught my eye. The survey question asked by journalists sounded like this: How many young people would willingly sacrifice their lives for their homeland? The people surveyed included Germans, Frenchmen, Italians, and people from other West European countries, as well as Americans. The poll reflected the spirit that prevailed around 1980: from America to Italy and from Germany to France only 19 out of every 100 youth, and [in some countries] 24 percent of the youth questioned responded in the affirmative. I repeat these ratios: 19 percent and 20-plus some percent. What stunned journalists was the fact that in Great Britain 70 out of every 100 young men asked said that he would willingly sacrifice his life for the homeland, if needed. This is the kind of upbringing and patriotic feeling we, too, have in mind.

One must surrender his life for the homeland if necessary, if one has to do so. This principle has been proclaimed by young Englishmen responding to the poll, by sons of the oldest and greatest democracy, by people whom no one dares to accuse of being militaristic, by a country whose liberalism, constitutional statehood, and market economy is not being questioned by anyone. Yes, this statement has been made in that country.

What other meaning could be attributed to this statement than the fact that not only is there no conflict between patriotism and democracy, and between parliamentarism and constitutional statehood, but also that patriotism is part and parcel of these qualities, and that it would not be possible to have a democratic spirit without being patriotic.

The other issue pertains to Hungary's situation during World War II. Last year, too, I have talked about soldiers and about World War II. At that time I discussed the duty of a soldier, the point where a soldier's responsibility ends and the responsibility of politicians begins. By no coincidence, whenever the principle of soldiers' honor and the rules of international law prevailed, once captured or in the aftermath of wars soldiers from opposing forces previously engaged in fighting spoke of each other with respect. Whenever old soldiers—veterans of Isonzo or other battles—met, they always expressed sympathetic feelings toward each other. Because this sentiment also had a moral content as long as one soldier respected the other.

This kind of awareness allowed you to survive the catastrophe at the Don River and made it possible to survive the horrors of World War II, the revolution of 1956 and the hardships of our fight for freedom.

But we must also discuss the actual situation in which this country has found itself during World War II. I would like to talk about this matter, because on this occasion last year I was able to discuss only the events that had already taken place, and of which I was bound to speak in order to regain our self-respect at last [as published]. What I am about to say should not be regarded as self-praise or as praise for this administration, instead, I am saying this here because if there is anyone in this country capable of understanding what it meant to dissolve the Warsaw Pact, you can, you, with your graying heads at this gathering.

You are the ones who understand and feel what it meant for us to submit this proposal in June 1990 to Mr. Jazov, the commander of the Warsaw Pact, and to the Russian generals and others sitting there armored with decorations. You are the ones who understand what it meant to submit a proposal for the review and dissolution of the Warsaw Pact, to withdraw our officers from the command and to announce that we no longer would participate in joint military exercises. You are the ones who understand what it meant to ask for the dissolution of CEMA without naming a successor organization, and what it meant not to sign the Soviet-Hungarian bilateral agreement because it included a provision that would have limited our opportunity to join any other organization. And you are the ones who know what it meant to negotiate a more than \$2 billion claim that was to be paid after the facilities that were to be left behind after the withdrawal of the Soviet troops. We did not sign the agreement and we did not accept it. And all this has not been so simple, and the path we had to follow was not straight. Our refusal to go along evoked overt and clear threats in each and every instance, including a threat of not removing the troops. Yes, this threat has also been made. And we still refused to agree. And today, I am able to recall the chronicle of this tough period of a year and a half in your presence.

Our country is sovereign and free today; there are no alien troops in Hungary. For the first time since 1944, Hungary has no international obligations that could subordinate her, and we are not members of any alliance that could humiliate or oppress us by restricting our sovereignty. Nor are we members of any political, military or economic organization that could violate our sovereignty and our own selfish interest. Surely, this amounts to more than nothing!

This nation, this country is independent today. Through centuries, ever since the year 1526 [defeat of Hungarian forces by Suleiman's Turks at Mohacs], our independence has always been limited in some sense and the country has always been in shackles. Even a brief, superficial review of history will indicate that although the country had collapsed in 1526, the nation has not reconciled itself with the collapse. (The outstanding researcher and author of a magnificent book, Geza Perjes is among us; I will not go into details as to why and how Mohacs occurred because I had an opportunity to address this issue last year at the Mohacs battlefield.) I

do not wish to draw comparisons because doing so would evoke cries that I was a "nationalist" or a "chauvinist." Nevertheless, suffice it to say this much: some nations had failed the same way; aside from one or two operetta revolutions or commotions, these nations have done nothing for centuries to recover after their own collapse, but we must sadly admit that these nations accomplished more with shrewd, clever politics than we did!

During these years of limited independence Hungary has produced a Bathory, a Bocskai, a Bethlen, and I could go on all the way to Lajos Kossuth. The country never accepted the idea of being oppressed. And then, after a failed fight for freedom and a new era of absolutism, it was still capable of achieving independence in 1867—albeit with limited sovereignty. This meant independence and strength within an empire, including Hungarian Honved Forces and Hungarian soldiers within the common army. And history proves that the actions, the lifelong workings of Ferenc Deak, Eotvos, Andrassy, and others have been correct, because once they recognized that there was no other way, they reached a compromise—the Compromise of '67—but not without an opportunity to make changes. Ferenc Deak himself had this to say: I regard this as a foundation from which we can start out to win new freedom and new independence for the country. But in this portrait gallery of great men Lajos Kossuth had also been correct when, in his Cassandra letter, he envisioned the tragedy as one in which Hungary would become the loser and the prey in the hands of the victorious upon the collapse of the empire. He, too, was correct. In the short term, in the given era, history has proved the life work of Ferenc Deak to be correct, but his successors did not follow through and did not take advantage of the opportunities. History also proved correct the horrible specter envisioned by Kossuth, because Hungary did become the prey of the victorious when the empire collapsed. I must say all this, because between the two world wars Hungary has been sovereign in the sense that it possessed all the criteria for independent statehood; having lost two-thirds of its territory and half of its populace, the country stood on its own feet, establishing an independent diplomacy and army. It would be inappropriate to deny the country's sovereignty between the two world wars. On the other hand, we could also say that as a result of the peace treaty, Hungary had been forced to accept obligations which limited the country's ability to make free choices. Soldiers, military historians, and officers who were alive in that era would know best the way the officers' corps and the army tried to save what could be saved in the 1920's, and the situation we were in at the start of the 1930's. And once we were able to shed the restriction imposed upon us by the peace treaty, once the significance of this restriction had faded, Hungary faced a new international situation in which Hitler's Germany, Mussolini's Italy and Japan imposed a new restriction. Thus, under the new conditions, Hungary's independence was limited not by the provisions of the Trianon peace treaty, but by the conditions of power that evolved in the new international situation. How did Hungary react to these

circumstances, what did it do under the restrained conditions? We are being held to account for what we have done, and we are being called, or have been called the last satellite. They have tried to force upon this nation a feeling of guilt, an inferiority complex from the outside and from within. Why did this happen? Who tried to do so? On what basis? This took place at a time when the Soviet Union—dissolved by now, but in any event a great power—ratified the Ribbentrop-Molotov accord, at a time when German and Soviet troops marched together in review, when Poland was divided between these two powers. This took place at a time when the French were waiting behind the fortified Maginot line, when the army believed to be the strongest on this continent collapsed within a matter of moments, and when Petain surrendered his arms. Did this not happen at a time when the four powers reached an agreement in Munich, when Chamberlain and Daladier yielded to Hitler and Mussolini? It happened at a time when neutral Sweden yielded to the Germans and permitted German troop movements across Norway—Sweden's brotherly neighbor—and at a time when [Hungary's prime minister] Pal Teleki refused to permit German troops to cross Hungary on their way to Poland. This situation occurred at a time when the favorites of the Entente, starting with Romania, have collaborated in the framework of their policies, when Slovensko [Slovakia] and Croatia became the direct allies of Hitler, even though we are aware of the political factors that prompted these alliances. Should I go on listing these circumstances? Should I go on describing the fact that there always have been twice as many Romanian divisions deployed in the war efforts than Hungarian divisions, or should I discuss the excellent SS soldiers Alsace-Lorraine, Belgium, and Holland produced?

In judging the circumstances we must consider Hungary's geopolitical situation; we must take a look at the map and see where this country is located. For millennia, Hungary has been at the crossroads of nations, at a place where it was difficult to be left out of anything, a place where our geopolitical situation makes it virtually impossible to be left out of confrontations in Europe whenever they occur. Despite this situation, let us take a look at what our politicians and soldiers have done, and what posed the great dilemma? Those of you who have advanced in age will recall the outstanding diplomat Antal Ulllein Reviczky, whose memoirs are entitled *German War—Russian Peace*. This title reflects the available choice at the time.

The perception reflected in this title sounds somewhat more realistic than Wendell Lewis Wilkie's book title *The Indivisible World*, nevertheless he, too, had many wise things to say after traveling all over the world during the war upon Roosevelt's instructions. What has been the Hungary's great dilemma which it was unable to properly resolve? Let us disregard for the moment the extremist elements, the Arrow Cross people and the handful of communist groups which multiplied only later (oddly enough in the framework of the Partisan

Alliance), some of whom were indeed inclined to ultimately sacrifice this country for the sake of an alien power, while others expected to assume power with the help of an alien power. Hungary's dilemma presented itself in the fact that a German victory would have adversely affected Hungary, because Hungary would have fallen under Nazi rule. General Keitel has stated in his writings that the deportation of Hungarians to the Ukraine had indeed been scheduled, and in the event of a German victory the Hungarian people would have suffered the same fate as all other nations classified as second rate people. On the other side we were faced with the Soviet alternative.

Well, let us be realistic, irrespective of our political persuasion! Could anyone have made a really wise choice at a time when the issue revolved around avoiding the rule of Hitler's Germany and the Nazi rule that was linked to Hitler's Germany at the time, and when the alternative to this would have been the invasion of Hungary and Central Europe by Soviet forces and a communist takeover of power that would have followed sooner or later? This constituted the great dilemma, these were the two, terrible realities. Both alternatives were present and real. A third alternative presented itself in the form of a ray of hope. This alternative would have materialized as a result of a situation in which we delayed our entry in the war as long as possible, and hoped for a development in the war in which Anglo-Saxon troops reached Hungary, or at least the area which (as we know from memoirs and other information) was more or less the same as the territory of the three countries that constitute the Visegrad Three today. Quite often thoughts and traditions coincide in an interesting way. Since things did not take place as hoped, this idea might appear today as an unrealistic creature of historical fantasy, even though it was not mere fantasy. Winston Churchill had advocated this idea, and Field Marshal Alexander, the supreme commander in the Mediterranean theater, had offered to sacrifice his military career in order to make a separate landing as part of the war in Italy that progressed at snail's pace, breaking through the gap at Ljubljana so as to be first in reaching our region. German soldiers who made certain remarks favoring this idea, and of whom their comrades-in-arms thought that they were agent-provocateurs, were not agent-provocateurs. Field Marshal Witzleben's nephew, and those who had suffered a hero's death by execution after the attempted coup against Hitler were also opposed to this [as published]. As a historian and a politician, if I may say so, I had many discussions during the past year and a half that probed these issues deeply. And since I knew a number of high ranking German soldiers and politicians, I also had such discussions earlier to find out how things were on their side. Let us not forget that they, too, tried to survive a dictatorship, and this included then Foreign Ministry State Secretary Weiszacker, the father of the present head of state, who strongly opposed Hitler, but was hauled before the Nurnberg tribunal nevertheless. His son was allowed to defend him. Churchill regarded this as the greatest



mistake because Hitler was the one who relieved Weiszacker from his duties, and later on, it was Weiszacker, in his capacity as ambassador to Rome and as the ambassador accredited to the Vatican, who served as liaison between anti-Hitler forces and other countries. President Weiszacker himself discussed this with me. From my standpoint it was of particular interest that, as many might recall, Ermansdorf had served as the last non-Nazi German ambassador to Budapest prior to the appointment of Wesenmayer and Jagow, and Ermansdorf was the uncle of President Weiszacker. Not all of them were Nazis. They, too, did what we did, they tried to preserve themselves for the appropriate moment, when Hitler would fall. As part of a victorious triumphant army one could not prevent Hitler from prevailing, and he could not be overthrown at that time. Hitler could not be overthrown in 1939 or in 1938 in the post-Versailles treaty Germany. But as the events of war progressed the chances of overthrowing him have improved, and the German officers wanting to do so were not Nazis either. It was at that time, during the war and ever since the war, that I learned that nations must not be judged on the basis of their political systems. In signing the interstate agreements with Gorbachev, Yeltsin, and Kravchuk I was moved by the extent to which the younger Russian generation, whose members we were negotiating with, wanted to distance themselves from Bolshevik rule and by the way they despised that rule. And I recall—not by coincidence—that upon his return from nine years in a Soviet prison, Bela Kovacs, the former executive secretary of the Smallholders Party always mentioned the Russians as the initial victims of that system, the high degree of human conduct and decency Russians imprisoned with him manifested in the taigas, in Siberia, and in the Moscow prison where Hungarian Prime Minister Istvan Bethlen had died shortly before Kovacs's arrival, and the extent to which these people were opposed to everything that prevailed. This is the terrible aspect of dictatorships and terrorist systems: the ordinary mortal being is unable to tell whether he can trust the other person. Our officers were also unaware of the extent to which they could trust the German officers with whom they negotiated.

For this reason I believe that on the one hand, this world war has taught a lesson to us all, while on the other hand we may confidently declare that Hungary was an island until the German occupation, and in a sense even thereafter. It was an island where many things had happened that did not happen elsewhere, and where many things did not happen that had happened elsewhere. And due to its geographical location, the Hungary where all this did and did not happen had already been developed into Germany's advance fortification system at the time. There was no other military alternative, because it was clear that the Germans intended to wage their final great battle not within their own territory, and not even in the territory of Austria which was part of their homeland at the time, but at least as far away from their homeland as Hungary and Poland. It was in these countries, in these advance guard posts of Germany, that

the Germans had tried to maintain strength on the eastern front, and in this regard members of the German military leadership supportive of, and opposed to Hitler were in agreement. They agreed that one should try to hold the front in the East in order to permit as much territory as possible to be occupied by Anglo-Saxon forces in the West. I clearly recall the officers of Wehrmacht Unit 509, a Tiger tank division, as they rejoiced in the spring of 1945 when told one morning that their families were safe because the Anglo-Saxon troops had occupied the area where they lived in Germany. The attainment of Anglo-Saxon occupation was the goal.

In summarizing everything I have said thus far, I could say that in the face of Hitler's advances European countries have either laid down their arms—some irregular fighting went on at best—or they were able to remain neutral like Switzerland, and Spain and Portugal on the peripheries of Europe. Switzerland was able to stay neutral not only because of its truly outstanding army, but also because Switzerland's neutrality did fit the German plan. Sweden, too, was able to stay neutral but no one else did. Accordingly, Hungary had no alternative. At most, we could have been more clever in managing the available alternative. It is possible that certain issues could have been resolved differently. We may search our souls regarding these possibilities, to find out what Pal Teleki's pure sense of morality meant, or what the intent of the successors, or of those who took us to war has meant. Only one thing is certain: To this date, no one has been able to provide a historically viable prescription, no one has been able to claim that there has been a sterile solution as a result of which Hungary, with its geographical situation, could have avoided German occupation or involvement in the war, and the organic sequel to this: Soviet invasion.

We might have achieved something in regard to issues of detail had we quit our alliance with the Germans earlier. But this alternative was not available to Hungary as long as the Anglo-Saxon military leadership essentially intended to do none other than what it subsequently did in World War II. Based on this understanding we must state that we understand the American position, if the Anglo-Saxon military and political leadership had no alternative, and if in its judgment Hitler's Third Reich could have been crushed only by allowing the Soviet steam roller to enter all the way into Central Europe—thus saving the lives of Anglo-Saxon soldiers, limiting the final number of American soldiers killed in World War II to 301,367, if I recall the figure shown in General Marshall's report correctly. We are in no position to raise moral objections if saving the boys and limiting the number of dead to this figure was the goal. At the same time, however, they should not object to the conduct we manifested when, in the given situation, the Anglo-Saxon political and military leadership gave us no alternative, in response to which we made good and bad attempts at first, used professional as well as amateurish dilatory methods, then tried to score merits, but in the

end were forced to permit the situation to evolve the way I described it because we were no longer able to hold the line.

In recent years I repeatedly told my German politician friends that they made two big mistakes. One was to return Lenin to his homeland thus permitting him to create Bolshevism for us, too, and the other was to attack the Soviet Union at a time when the Germans could have foreseen that they would lose the war, then to return home accompanied by Soviet troops, and then to leave behind those Soviet troops in Hungary. This was truly shocking to us, because this became our reality.

Let me say a few words about psychological warfare, so magnificently analyzed in the sermon. Psychological warfare can give strength or break one's spirit, and we must not dismiss the effects of psychological warfare. It is being used against us. This country needs constructive psychological warfare, a matter many might not have understood when Archdeacon Istvan Tabody—like Col. Gen. Kalman Kery—mentioned that a certain spirit was needed. The factors that could be credited most for providing strength and faith to the Royal Hungarian Honved forces in those days have changed in a political sense and in the context of our international situation. But something has not changed: We need an ideal, a kind of force and a kind of patriotism that brings us together and gives us strength. We must establish these within the Hungarian Honved forces, in Hungarian civilian life, and in Hungarian political life.

Whenever I had an opportunity to meet with western heads of government and heads of state both as a member of the opposition and as prime minister, another matter I have frequently discussed was the fact that the recovery of this country and this region from its present state of affairs would be most difficult because of the prevailing mentality of the people and not because of financial needs. Communism has inflicted the greatest damage upon the mentality of people. Surely, economic assistance, favorable credit terms and all other matters are very important and there could be no uplift without these, but the mentality of the people presents the greatest problem. I am talking about a mentality which manifested itself in an inability to express sufficient joy over the fact that there no longer were Soviet troops in Hungary, an inability to sufficiently rejoice over the passing of the Warsaw Pact, CEMA, and the fact that by now there no longer exists a Soviet Union.

You are the citizens of an independent, free Hungary whose government receives orders from no one, a government that cannot be summoned and upon which no political pressure can be exerted. I declare that although policies are guided by facts, circumstances and as a summary response to everything that is happening, in the final analysis Hungary's policies are being decided within the building of the Hungarian parliament. They are decided by the government and by the National Assembly, and this is more than nothing! The nation does not sufficiently appreciate this fact. Could it be that

this nation of freedom fighters had been submerged so deep in the luke warm water of the Kadar system that by now it has become incapable of rejoicing over the change? This is the tragedy.

After decades of terrible oppression, 1956 was still capable of providing great strength.

True, in retrospect we might say that oppression lasted only for a few years, and after the period of great reprisals that took place between 1956 and 1963, a certain period of favorable developments began. No one denies that this period has been favorable both in an economic sense and on a comparative scale. This period has indeed been the era when we called Kadar "Uncle Janos." And this era had its own means and methods—such as housing lots, Trabants, travel once in every three years and time—by which to obtain the commitment of small people. And we must not blame people for becoming disappointed in their expectations for Western help. The country has failed, it has failed in the war, it has failed in 1956, and before that, in 1947 and 1948 when it surrendered Hungarian civil democracy. It comes as natural that after so many disappointments the nation has given up its expectation for receiving help from the West, it regarded itself as a nation that has come to an end, and every member of the nation sought to provide for his own welfare by various means and by taking advantage of various opportunities. But these long decades and this condition had an even graver moral impact on the country than the previous terrible years. Generations have died and have not lived long enough to witness these days.

We must keep all this in mind when we remember the Second Hungarian Army, the heroes of the battles along the Don River, those who fell, the soldiers for whom we must provide final honors and military rehabilitation. The widow of General Marcell Stomm is also among us. We must give final honors and express our appreciation to those outstanding soldiers, from generals on down to the simple Hungarian Honved soldier, and yes, to the members of the labor force who were present as part of the Hungarian Army. To do so, we have not only taken steps to secure the future lives of disabled veterans and widows of those who died in combat, we are also endeavoring to provide compensation for prisoners of war. A legislative proposal submitted to parliament last year contains provisions that will have retroactive effect to January, to the effect that the captivity of Hungarian prisoners of war after April 1946 be regarded as forced labor. And we must also provide for the financial settlement of these matters.

You should not blame the government for not being able to accomplish everything, all at once. Our balance sheet, too, has a revenue side and an expenditure side. We, who agreed to perform this function, are being held to account for the crimes and mistakes perpetrated in Hungary in the course of half a century, we are the ones who must repair everything. How could we repair everything when we carry the burden of transforming the

system and all the burden that weighs down the country ranging from indebtedness to other matters, and when we are attempting to establish not only a new political, public law and economic system, but also a new sense of morality and patriotism in this country, while we must also provide what we can to individuals. And all this takes place while guns are roaring at our borders—even though we are fortunate to have an armistice at present and we pray to god that it lasts. We must decide and find the appropriate moment when to recognize Yugoslavia's member republics that became independent at a time when the Soviet Union has fallen apart, when Yugoslavia has fallen apart, when in Romania they are in the process of a peculiar theatrical performance of holding a census, when conflicts of interest are tense between Czechs and Slovaks, when the gravest possible political conflicts exist between Ukraine and Russia, and when all along we must keep in mind Hungarians who live beyond our borders. We were the ones who kept watch over the Yugoslav crisis in the days of silence, when no one talked about this matter last year during the coup, at a time when our region once again became less significant. And then, we have the problem of understanding how the United States of America views this region. I am glad that American Professor Janos Decsi is among us in his colonel's uniform. He is able to convey the sense—and does so everywhere in his presentations on history and military history—that this region is a strategic region from the standpoint of the United States, that this region is part of the Atlantic region and that we are not merely the barnyard of Europe. And at a time when NATO's southeastern wing is creating a wedge in the sensitive area between the former Soviet Union and the Near East, then this region certainly provides a sense of security. And as long as more than half of the foreign capital invested in Hungary is American capital, I do hope that this signals sufficient commitment to justify a more intense focus on this region, so that they [the Americans] sense that the people in this region—starting with the Polish people all the way to the Hungarians and others—have been engaged in a one-sided love affair with the western world for centuries. And this one-sided love affair must come to an end, because we have stood fast and we have fought our own battles, and without having fired a single shot, we have won for you the West the third world war.

You [the audience] have waged a courageous, tough fight for everything a soldier stands for, your relatives have sacrificed their lives and we are proud. If possible, I, or members of the cabinet, always attend the dedications of memorials for heroes, because no nation could live without heroes. I will once again cite a British example: In England the various military divisions have altars; successive generations continue to feel a sense of belonging and there is continuity. We must restore the continuity of the honor of the Hungarian military, the thousand year old decency of the Hungarian soldier, and we must consider all this within one and the same context.

The time has come to write the history of prisoners of war, the way that was done after World War I. It would be appropriate to organize a Hungarian prisoner of war exhibit, where all the memorabilia gathered by prisoners of war could be seen. To show the kinds of memories the Hungarian soldiers brought home, to demonstrate the way life was out there. Two decades ago at the Semmelweis Museum I acquired and saved a set of surgical instruments which included, for example, a light reflector used in examinations with speculum. It was made by a captured Hungarian physician from the bottom of a can, and it has a date on it. It also includes a surgical instrument made of a bayonet used by Hungarian smiths to operate on prisoners of war because there were no other instruments. I have these instruments as well as the related descriptions. Such memorabilia exist, they must be collected. It is worth doing this in memory of comrades-in-arms regardless of whether they remained there or returned home, because all this is an integral part of history.

I ask your time tested generation, and those who are here as family members, and others who have learned from their families just what this country has gone through, to convey and to explain to this nation what you have heard in the sermon that recalled our Hungarian past and which truly meant that we have nothing to be ashamed of either in a political or a military sense.

We agree to be compared if such comparison is made in the framework of decent, objective debate. Because whatever has happened can always be explained accurately.

In closing, I would like to say that when the conflict began in Yugoslavia I had an opportunity to tell the Yugoslav party that we acknowledged the criminality of the so-called "cold days" during the search and seize action in Ujvidek [Novi Sad], provided that they consider the circumstances in which that took place, the number of people that were saved at the time, and the way everything has taken place. We acknowledge the criminality of our action, but we want you [the Yugoslavs] to acknowledge that 50,000 Hungarians fell victim to reprisals. Fifty-thousand innocent Hungarians have died—innocent people were put to trial and executed. And they [the Yugoslavs] should not forget that we are saying this not only as part of history. The same could be heard in the Hungarian parliament in those days, and the perpetrators of the Ujvidek affair were court marshaled in the Hungary of those days, "in the Hungary of Miklos Horthy," if you will.

#### Criticism in Opposition Journal

92CH0331B Budapest *BESZELO* in Hungarian  
1 Feb 92 pp 5-6

[Journal's commentary including parliamentary speech by an Alliance of Free Democrats representative and Antall's response: "What You Can Be Proud of?—Jozsef Antall on the Nation's Mythology"]

[Text] The prime minister's 11 January speech remembering the 50th anniversary of the Don River breakthrough at the Museum of Military History has stirred up a storm. Some objections have been raised in parliament, the press has abundantly commented on the speech, and Tamas Bauer has dealt with the issue in this newspaper (Volume III, No. 2, 18 Jan). In the end, almost the entire text of the speech has been published in the 23 January issue of *MAGYAR FORUM*, hitting two flies in a single stroke: we now have a canonized text on the one hand, and we learned that in addition to *UJ MAGYARORSZAG*, *MAGYAR FORUM* also is a semi-official newspaper of the administration, on the other. At the 27 January session of parliament historian and SZDSZ [Alliance of Free Democrats] Representative Miklos Szabo commented on the publicly available text before parliament resumed agenda. With minor editorial changes we are publishing his speech, the prime minister's response, and BESZELO's commentary.

#### Miklos Szabo:

An appropriate approach to the fate of the Second Army that perished in World War II has been found by Istvan Nemeskurty when he entitled his documentary volume *Requiem for an Army*. Yes. I believe that it is appropriate and necessary to say a requiem for that army each and every year. To mourn and to be moved by pondering those men's tragedy which, in the final analysis, has become the tragic fate of Hungary in those days.

But the remembrance at the Institute of Military History had a political character. It would be difficult to understand the words that have been spoken there, the emphases, certain phrases, and the mood of the entire event as something other than reassessing to a certain degree Hungary's participation in World War II, moreover, World War II itself.

Throughout the world, including in Hungary, the assessment of World War II has been clear and has not been questioned by any democrat ever since 1945. It has become as clear as the purity of the morality of poetic justice, that one side has pursued the proper cause, and the that other side was wrong. And there has been no doubt that the anti-Hitler coalition represented the proper cause, and the camp that rallied around Hitler's Germany pursued the bad cause. In World War II the forces of democracy and of the worst kind of modern dictatorships have clashed and fought, and this cannot be changed by the fact that the members of the anti-Hitler coalition included the Soviet Union, which undoubtedly had no democratic political system.

In essence, this represents the turning point, the reassessment take place at this point. A reassessment, which under the banner of an infinite anti-Soviet sentiment approves of action against the Soviet Union under any circumstance and in any political situation, and by adopting Khomeini's outlook, views the Soviet Union as Satan's empire, against which one should have forged alliances even with Beelzebub. This perception must be

rejected from the democratic viewpoint in the firmest possible terms. This issue had to be addressed before parliament resumed its agenda in order to make this statement early enough to permit us to bridle this adverse tendency.

The justification of Hungary's participation in World War II must be rejected not only from the democratic viewpoint, but at least to the same extent also from the Hungarian patriotic standpoint. The soldiers of the Second Army did not fight for Hungarian interests and for the Hungarian homeland, but for the victory of Hitler's Germany. Such a victory would have been fatal from the standpoint of Hungarian national interests. If the perception that appeared to have manifested itself at the 11 January celebration prevails, the political legacy of World War II, which continues to have an impact and provides and inspiration to this date, will also be reassessed. If that happens, the resistance movement will not become the source of political legacy for the new, presently evolving Hungarian democracy. This potential is emerging dangerously, because by now street names like that of Bajcsy-Zsilinszky have become uncertain. As a result of this perception the worth of those who advocated Hungary's exit from the war depreciates as compared to those who advocated Hungary's joining of the war, as compared to Teleki who opposed Hungary's joining the war, as compared to Horthy who supported Hungary's joining the war but did not approve of maximum participation in the war, and even as compared to Miklos Kallai, Istvan Bethlen, and Keresztes Fischer, all of whom envisioned minimum participation. The trend which advocated joining the war, the trend which advocated full commitment and all out efforts in the war has become rehabilitated.

The following name has not been mentioned, but let it be mentioned in order to take a shortcut to certain things: Bardossy is at issue.

A democratic system must stand on the foundation of the clear and solid truth and of a clear and solid sense of morality, particularly when it is young. Those who died bravely, perhaps as heroes for a bad cause while performing their perceived duty in an exemplary fashion and by making sacrifices must not serve as examples for a good cause, for the new Hungarian democracy.

#### Jozsef Antall:

It is well known that the speech I delivered at the Institute of Military History has been published. I can only express my sincere condolences to anyone who interprets my speech the way my fellow representative, Miklos Szabo did. I am amazed about the feelings he expressed in his capacity as a politician, and even more so as a historian.

Not a single word he claims to be part of the speech has been part of the speech, nor could his assertion be drawn in the form of conclusions from the speech. Therefore I must most firmly reject his statement.

Whatever I said in that speech may be read. It is apparent that one could argue about the speech, but the simple truth is that the speech delivered at the Institute of Military History did not deal with the subject raised by Szabo, the topic of the memorial speech was something else.

And insofar as the heroic dead are concerned: A heroic dead is a heroic dead even if a country enters a war that is fought for a bad cause. The soldiers of World War I are heroic dead; moreover, our soldiers who fell in the era of Maria Theresa, if you will, are also heroic dead, and I could go on with this, because a soldier has no way of choosing the occasion when he becomes a heroic dead. This much about the heroic dead.

Insofar as the World War II aspects of this matter are concerned, I feel no need whatsoever to prove what the topic of this presentation has been; I asserted in the speech that an attempt should have been made to stay out of the war as long as possible, I described what this has meant to the contemporaries, and what kind of dilemma this entire problem presented. I reassure my colleague that Endre Bajcsy-Zsilinszky is in no danger, and I feel that it would be somewhat comic if I had to defend Pal Teleki against persons who did not exactly praise Pal Teleki during the long years and decades of the past, and who made adverse comments about Pal Teleki when I praised him as part of my memorial speech last year. Having clarified all this, I do not believe that this matter should be the subject of debate in parliament, and no political issue has been raised for which I should be embarrassed.

#### BESZELO:

We read Dr. Jozsef Antall's speech carefully. It is true that he stressed the endeavors and achievements of politicians who have tried to keep Hungary away from identifying itself with Hitler, and that he also said that "a German victory would have adversely affected Hungary, because Hungary would have fallen under Nazi rule.... The deportation of Hungarians to Ukraine had indeed been scheduled, and in the event of a German victory the Hungarian people would have suffered the same fate as all other nations classified as second rate people." We have nothing to argue about these sentences. Similarly, it would not be worthwhile to raise an issue about the choice of government to which the prime minister attributes the accomplishment of our departure from the Warsaw Pact and CEMA, and even the disintegration of these organizations. It seems as if FIDESZ [Federation of Young Democrats] and the SZDSZ, presently in the opposition, had done nothing in this regard. But as Miklos Szabo pointed out rather accurately, we must not disregard a number of details in the speech which give emphasis to, or convey a mood which creates a feeling that the demise of soldiers and labor service units taken to the Don River Bend, together with the policies that led to the Don River Bend, were no mistakes, but instead represented fate and heroic fidelity. "This date also calls for an examination, a self-examination of the entire

situation in which Hungary found itself in World War II, and of the conduct we, Hungarians, manifested during World War II. Today is also a memorial day to recall the honor, the decency and the heroic conduct of the Hungarian soldier, a day when we must clearly recognize all that has happened in those days—things you must be proud of, and things this nation must be aware of, and must by all means espouse. What has taken place there is part of the spirit this country needs in order to regain consciousness." One cannot proudly espouse the measured distancing from Germany, moreover, from the political tradition of being anti-Nazi, and elevate the Don River Bend catastrophe into heroic fidelity at the same time, unless one is guided by some motivation that is different from the clear understanding of history. Unless the creation of a myth is the objective. "This country needs constructive psychological warfare, ... a certain spirit was needed.... We need an ideal, a kind of force and a kind of patriotism that brings us together and gives us strength."

"I ask your time-tested generation," the prime minister told the World War II veterans, "those who are here... who have learned what this country has gone through, to convey and to explain to this nation... that we have nothing to be ashamed of either in a political or a military sense."

But there is something to be ashamed of. There is something to be pondered by the politicians and citizens of a small sovereign country pressured in the center of Europe, because we do not want this country's political elite to exclude these politicians and citizens from policymaking. Surely, there are things to worry about if the threats and dilemmas are not the same as they were before and during World War II. But the prime minister does not want us to worry. He wants to see a great national identity, the simultaneous profession of mutually exclusive traditions and values in order to be strong. Just as he has once already said on 23 October 1990: "The histories of people have some rational consequences which have been analyzed in depth, have been felt deeply, and which teach cruel lessons to be learned. But the histories of people must also include events that are part of mythology, events that have actually occurred or have been preserved as mythology. Short of mythology there can be no spiritual community... without mythology the spirit, the faith, and the will of a nation cannot be collected and preserved within a single historical image."

Despite all the detailing and differentiation, the 11 January speech represents an attempt of transfer Hungary's World War II history with everything else in the realm of mythology. Aside from the specifics of this speech, we generally have higher regard for analysis than for mythology, even if an analysis is painful and creates conflict. This is particularly true in regard to World War II, which has raised so many moral issues. We do not want reality to become a privilege of the elite, and we do



not want that the hundreds of thousands of people who were dispatched to the Don River Bend be satisfied with myth.

### General on Responsibilities of Border Guards

92CH0325A Budapest BESZELO in Hungarian  
25 Jan 92 pp 19-20

[Interview with General Balazs Novaky by Zsuzsa Szoke in Budapest; date not given: "Emergency Situation?"]

[Text] In the Republic of Hungary the army, augmented by the regular and enlisted units of the Internal Ministry Border Guards, makes up the country's armed forces. The Border Guards, however, are not just a military force but also a paramilitary organization, as they must also fulfill certain police functions. These go beyond policing our borders, controlling border traffic, and preserving the integrity of our frontiers. Let me quote from the Service Regulations of the Armed Forces of the Republic of Hungary: "Members of the armed forces will, at all times, observe the conventions of military courtesy, and exhibit respect and compliance in fostering good relations among the service branches and with the paramilitary organizations. Service personnel will support members of the paramilitary organizations in carrying out their mission, and if circumstances so require and they are called upon to do so, they will assist in carrying out that mission."

Moreover, as the icing on the cake, if you will, we are faced with what could be described as an emergency situation in which the border guards have also been brought in to guard key installations, such as the parliament, the embassies, and the Kerepestarcsa refugee camp.

How did you end up being such a mixed breed, and how long can this condition be maintained? I wanted to find some answers to this question when I went to see Balazs Novaky, national commander of the Interior Ministry Border Guards.

[Szoke] General, do you not see how absurd, or at least compromising, this situation is?

[Novaky] I agree that it is absurd, but it is by no means compromising; our activities are wide open to public scrutiny. We border guards do not feel compromised in any way in the performance of our duties around the country; in fact, we have experienced just the opposite: a growing level of trust everywhere we serve. The scope of our activities, after all, falls entirely within the bounds of the Constitution. Moreover, our mandate stems from a defense law in which the functions of the Border Guards are clearly defined. Also in effect, essentially still intact, is a 1970 decree issued by the Council of Ministers that assigns certain specific functions to us. In addition, within the past two years every internal regulatory measure pertaining either to the Ministry or the Border Guards that impacted on our activities and was found inconsistent with the rules of law has been rescinded.

In other words, on the one hand the work of the Border Guards does, in fact, have a legal basis, and on the other, we have broken with everything that linked us to the past and the tasks stemming from that past.

[Szoke] The HOR [Border Guard], nevertheless, continues to project a mixed-breed image: It belongs neither to the Defense Ministry, nor to the Interior Ministry, but somewhere in between. And this is where the rescissions you have mentioned become extremely important. For these actions have failed to eliminate the very provision that deals with such police functions as crowd dispersal.

[Novaky] Look, there is indeed an internal service regulation that, in accordance with Section e) Paragraph 2 of Law No. 1/1976 on defense, regulates the functions of the armed forces, and it is indeed true that it had been drafted with the blessing of the interior minister. It is also true that this law contains a provision, Article 68, that defines the relationship between the members and personnel of military and paramilitary organizations, such as the police. The kind of security police functions you are talking about, however, we have never even considered to undertake. Anyone confusing providing protection with security police functions is doing so either on purpose, or out of ignorance of the enormous difference between the two. As far as our in-between status is concerned, I would only remind you that while in the north we have peace, in the south there is a war going on.

[Szoke] Then why does Article 631 refer to "spheres of police jurisdiction," and why has Paragraph 1 of Article 632 made "the organization and maintenance of cooperation with paramilitary forces and entities and with the units and personnel temporarily assigned to them" the number one responsibility of local garrisons? Realizing, of course, that "temporary" no longer means Soviet troops, I still cannot understand why this passage has not been rescinded.

[Novaky] To dispel any false notions one needs to understand that within the given context "policing" means ensuring internal order and discipline among military units stationed within a garrison. It applies to activities that promote cooperation, and not to actions taken externally, against the civilian population, if you will. In other words, we must draw a clear distinction between policing and security police responsibilities. Incidentally, I have been a border guard for 30 years, and have never in my life received or given an order to participate in dispersing crowds or anything of that sort. Without such a distinction anyone could say that our joint action with the police in closing the sector around Barcs after the bombing incident was a security police undertaking.

[Szoke] Then how do you explain the fear and belief that as long as the HOR is within the fold of the Interior Ministry, there are no guarantees at all that such an order may not be issued in the future?

[Novaky] On the one hand such fears are conditioned reactions, stemming from the former system which on the human level I can fully understand. But who fears the border guards? We have experienced just the opposite. On the other hand, one does sense that we are going through a transitional stage which is a factor of uncertainty itself. Let me stress again, however, that the existing statutes make it simply impossible to involve the border guard in such actions. But there are also additional guarantees. Namely, our constitution and the defense law.

[Szoke] Then please explain to us, General, why we have HOR personnel protecting strategic installations as if we were in an emergency situation. Are we, in fact, faced with an emergency situation? Is it just that the public is not aware of it?

[Novaky] The level of protection provided by the border guards to strategic installations does not reflect an emergency situation, nor are we facing an emergency situation that would need to be kept from the public. The public knows and clearly understands that the occurrence, for example, of terrorist actions in our country is no longer only a possibility but an unfortunate fact, but it also has a good understanding of what is going on to the south of us, and what dangers those developments have in store for us. When cognizant of this we take steps to enhance our security; this should not be mis-explained.

In 1989, with the implementation of a border control concept that was truly in accordance with European standards, no one could predict that by the end of 1990, or early 1991, we would be facing such tense conditions in our immediate neighborhood and beyond. For example, after the 1989 Romanian revolution, every reasonable person would have thought that a politically consolidated internal situation would emerge in Romania, and that even those who over the past years had come to resettle in our country would choose to return home. Contrary to those expectations the internal political situation in that country has reached a critical state. Consequently, the Hungarian-Romanian frontier has become the most intensively strained point of passage of migration waves. Last year the Border Guard processed 30,000 cases of frontier violation, 18,000 of which had been perpetrated by Romanian citizens. But besides the Romanians, we get citizens of virtually every nation around the globe that people leave in the hope of finding a better life. And just imagine that we have to stop all these people, put them in camps, and keep them there until the police and the Office of Refugee Affairs completes their investigation, and in accordance with their decision send or deport those who cannot stay to the countries from which they came.

[Szoke] There is no denying it, you really have a unique "travel agency" operation on your hands. How much is this costing us?

[Novaky] Last year it cost the Border Guard 20 million forints. But it should also be pointed out that similarly

no one had expected that the Soviet Union would practically cease to exist by 1991, the consequences of which still cannot be fully assessed. Not to mention the Yugoslav civil war. In other words, the part of our activities that you are questioning can clearly be traced to external causes. On the other hand, we also have installations of national importance that when necessary the Border Guard helps to protect. In the case of the Parliament building, the simple fact is that there are not enough parliamentary guards, and we help to augment their strength.

[Szoke] And was it also basically for foreign policy reasons that you have limited the introduction of professional border control personnel only to our northern frontier?

[Novaky] No. There were practical reasons for this. It was along this frontier where the conditions for implementing these procedures were deemed the most favorable. But there are other reasons as well. The draft border control law was completed a year ago already, but it still has not been taken up by a committee. The ongoing realignment has to do not with the mission, but the organization. The mission will change in accordance with the new law.

[Szoke] If the old statutes are still in effect, then on what legal basis did you proceed to reorganize?

[Novaky] The reorganization was called for in a December 1989 government decree. Our decision to proceed with the reorganization even without a new law was motivated strictly by structural and economic considerations. Accordingly we now have the following situation: Along some portions of our western frontier and in the north we indeed have professional personnel controlling our borders; the plans pertaining to our eastern and southern frontiers have been completed, and hopefully by the end of 1995, there too we will be able to complete the reorganization. The situation along our southern frontiers does not, at this point, allow us to forego using enlisted personnel.

[Szoke] Is this the reason why you continue to maintain a rank and file of enlisted troops and train so-called skeleton companies?

[Novaky] Life has forced us to maintain a rank and file of enlisted personnel, a force even smaller than our current levels, but not by assigning them to skeleton companies, but by putting them in positions where within our legal boundaries they can assist the professional staff, and if necessary carry out limited defense missions of a military nature.

[Szoke] Even though everything has stayed the same, you have not been crying at budget time. Where does your money come from?

[Novaky] The budget has been adopted by parliament. We have been given the money that is essential to carrying out our mission. We are all aware of our

country's economic situation, so it would not make sense to cry or make hysterical scenes because that would not get us any more funds anyway. It is both worthwhile and necessary to make honest and rational use of the funds available to us. For this may result in more funding next year. In the frontier regions where we have introduced professional border control services we have eliminated the unnecessary outposts. We are privatizing these installations through competitive bidding and reinvesting some of the moneys earned into funding our operations, thus unburdening the budget.

[Szoke] How many installations are we talking about, and how much are they costing us?

[Novaky] Altogether 60 posts have been vacated. Of these we have permission to sell 11; five we have already opened up for bids, and another four are about to be announced. I cannot give you an exact total, as our revenues will depend on who will offer more.

[Szoke] What guarantee is there that by the time the law is put into effect you will have an adequate professional staff at your disposal? And in any event, will a smaller staff be adequate to do the job, compared with the current force of 14,000-15,000?

[Novaky] If we proceed from the assumption that the conditions currently surrounding us will be with us forever, then we will be stuck in our present mode, and perpetuate a border control structure that is no better than the previous one. This is why we hope that the situation will eventually become normalized, and we will be able to limit our activities exclusively to policing the frontiers, controlling border traffic, and preserving the integrity of our borders. And this we will be able to do with a slightly larger professional staff and significantly fewer enlisted border guards. At the same time it is only natural for us to make the Border Guard an integral part of our country's defense structure.

[Szoke] If I am correct future professional personnel are given preparatory training in Kormend. How many people are being trained there, and what does the training consist of?

[Novaky] The training is indeed in Kormend, where in groups of 200, applicants for professional border guard duty undergo 10-month-long intensive training. The training is limited exclusively to basic activities: policing the frontiers, controlling border traffic, and preserving the integrity of our borders. Also offered are intensive language courses in which soldiers learn primarily those foreign languages that are spoken at the geographical location of their given border section. Accordingly, they may be called upon to study Serbo-Croatian, Slovak, Romanian, or German, and those with at least a basic proficiency in a world language usually finish the course with an intermediate ability to speak the language.

[Szoke] General, could you give us any information about the number of personnel currently serving along the Yugoslav border?

[Novaky] The Yugoslav border is 610 kilometers long, and along the entire section our units are on full-readiness alert. The makeup of the force breaks down as follows: 690 professionals and 3,300 enlisted personnel. This number amounts to one-third of the total enlisted strength of the Border Guard. I do not think that I need to justify this.

### **Privatization Chief Scores State Ownership Plan**

*92CH0341C Budapest FIGYELO in Hungarian  
23 Jan 92 pp 1, 19*

[Interview with State Property Agency Director Lajos Csepi by Gabor Karsai; place and date not given: "What Should We Be Afraid of?"—first paragraph is FIGYELO introduction]

[Text] AVU's [State Property Agency] departing deputy managing director cautioned in FIGYELO No. 2, 1992, "Privatization is threatened by the possibility of coming to a halt!" His boss, Lajos Csepi, feels that this is an exaggeration, but the following interview attests to the fact that hardly any difference exists between the views expressed by these two persons. Several articles in this issue present microscopic examinations of individual fields of privatization. In conjunction with a conference whose topic was "The Privatization Process in Industry," we ponder whether the influx of foreign capital truly threatens the "strategic positions" of the Hungarian economy (p. 19). It appears that the numerous critical remarks had their effect: The government is taking action to relax the conditions attached to E-Loans and privatization loans (p. 11). Finally, two writings ponder the slow progress of pre-privatization, and why preprivatization has come to a halt (p. 23).

[Karsai] Your deputy's statement to the effect that privatization is threatened by the possibility of coming to a halt evoked great response. Do you agree with his finding?

[Csepi] No, I regard his statement as an excessive summary judgment. If between 150 and 200 of the 2,000 state enterprises were to be declared as property remaining under state ownership in the long term, such action would not have tragic consequences from the standpoint of the process as a whole, even if many, very good enterprises were to be included among these. Accordingly, the establishment of the State Ownership Institute [ATI] or the Ownership Inc. (TRt) [elsewhere: "ATR"] does not threaten privatization as a whole, even though undoubtedly, this action significantly deteriorates the conditions for privatization. One should be concerned mainly about a certain spirit that may be reinforced in certain interest groups if the TRt is established. Strong influence exerted by the ministry of finance upon the operations of the TRt would threaten with a scenario in which part of the revenues earned by enterprises under the TRt would be subordinated to budget considerations on the basis of the authority of the owner; simply put, this would amount to the withdrawal

of capital. On the other hand, directions to be provided by the various branch ministries could reinforce reflexes to salvage enterprises sentenced to death by the marketplace. Segregated profit reserves that may be accumulated by the TRt would also enable a redistribution of income between enterprises, thus providing ample opportunity for the enforcement of subjective considerations. And since plans call for the placement of between 25 and 50 percent of the state's profitmaking assets under the TRt, and an even greater proportion of the aggregate amount of profits earned, the impact of these motivations upon the national economy could be rather unfavorable.

Characteristic is the fact that according to the legislative proposal concerning the TRt, the TRt would provide for the efficient operation of assets having strategic importance, while the legislative intent states that industries experiencing crisis are maintained under state ownership everywhere in the world. The latter statement obviously contradicts the former, and it also conflicts with the composition of enterprises included in the list of enterprises I am aware of.

[Karsai] Equally odd is the fact that the TRt would also be able to entrust property to be owned by the state in the long term to property managers who do not deal with state property. If that is the case, why shouldn't these properties be privatized?

[Csepi] Indeed, this, too, is an internal contradiction in the proposal, because a property manager must be thoroughly restricted in his activities if we expect him to enforce state priorities instead of allowing him to function in a manner consistent with the marketplace.

I see no sense in placing public utilities and profit-oriented firms under common state ownership. This is another reason why problems arise relative to the corporate form of state ownership institutions. This is an entirely inappropriate method of direction from the standpoint of public utilities which are unable to operate as businesses as of today, because in these instances direction, rather than business policy decisions are needed. As of today, the board of directors of a corporation is not suited to provide such direction. Nor is there a need for a TRt operating on the basis of business considerations if the government intends to convey industrial policy considerations to the oil industry, for instance. In my view, the appropriate solution could be an inter-agency body supplemented by independent experts, similar to AVU's council of directors, that would be capable of designated state prohibitions and the holding corporations could function within this framework while striving for efficiency.

I am unable to comprehend why the State Accounting Office [ASZ] has no mandate to examine the activities of the TRt at a time when it has a mandate to annually examine the entire operation of AVU. Accordingly, this organization would have full sovereignty to possess

between one-quarter and one-half of today's state property without any governmental or parliamentary control.

[Karsai] Which groups of enterprises do you feel the government intends to place under long-term state ownership without justification?

[Csepi] The latest plan I know of includes for instance the Hungarian Cable Works and significant parts of the pharmaceutical and the porcelain manufacturing enterprises. I do not know why these are included. But even if some argument unknown to me presently supports the idea of maintaining these enterprises under state majority control, I definitely believe that the list should be reviewed annually.

[Karsai] As compared to the situation a year ago, at present the AVU is most consistent in advocating market-based privatization, and tries to resist state-centered endeavors. By now, you are exercising self-criticism with respect to your own privatization programs, you are planning to expand the scope of self-privatization while a majority of the ruling party politicians advocates stronger measures to protect property and an expanded state role in the ownership of property. This, in turn, prompts you to make concessions. I regard the placement of 68 state farms under state administrative supervision early this year as one such indication.

[Csepi] I agree with the essence of your assessment. The fact is that privatization results from a series of good, and unfortunately, often from a series of bad compromises. We advocate market-based privatization and would like to expand authority for self-privatization to about half of the state enterprises. We could improve the effectiveness of protecting property through market factors rather than as a result of broadened administrative control. Property can best be protected as a result of competition between prospective buyers, and this is yet another reason for wanting to encourage demand for privatization. And insofar as the placement of state farms under state administrative supervision is concerned, the related decisions has only been made in principle, for now.

[Karsai] Privatization strategies developed last spring mandated enterprises to transform into corporations by the end of 1993, but the strategy adopted by the government last September brought forward this deadline to September 1992. Does this campaign make any sense?

[Csepi] This acceleration constitutes a concession from the standpoint of protecting property. There is no time to appraise property, and I do not know how we are going to be able to properly control the transformation process. Last year we approved the transformation of fewer than 200 enterprises, and it is true that in addition to more than 200 other transactions which also demand a very tight work schedule, we now have to deal with multiples of this workload in the course of a little more than half a year.

[Karsai] Could it be that this transformation campaign which has been detached from real privatization has as its purpose to accomplish the "big house cleaning" insofar as managers are concerned and to prepare for the state-guided replacement of cadres?

[Csepi] I accept the idea of transforming enterprises into corporations because as a result of such transformation it is possible to more clearly recognize the various roles played. To a certain extent, today's enterprise presidents perform ownership functions, while in their capacity as corporate managers they would clearly fall within the employee category and their latitude in decisionmaking would be restricted by decisions made by their respective boards of directors.

[Karsai] But in the era of privatization would it not be more useful to have managers interested in privatization, whose sentiments go at least half way to those of owners, than having members of boards of directors selected by the state, persons who would be more or less dependent on the state?

[Csepi] No. I believe that the involvement of outside experts would help settle conflicts of interests within enterprises, among leaders and in the national economy. It would be inappropriate to argue against the mandatory beginning of transformations by September 1992 because based on the present attitude of representatives

parliament could hardly be expected to overrule the government regarding this matter.

I see more hope in arguments against views which tend to restrict the foreign capital share in enterprises. I agree with the idea of strengthening domestic demand; in his FIGYELO interview my colleague Karoly Szabo has discussed methods by which this could be accomplished. But we must encourage, not scare away, the influx of foreign capital. In the absence of demand for privatization even the best concept remains on paper only.

This is one reason why we would like to reinvest at least part of our future revenues in the economy, rather than to defray the state's indebtedness. We believe that this could be accomplished by establishing a guarantee fund required to cover privatization loans and obligations not known when contracts are consummated, a reorganization fund that would enable the restructuring of enterprises, and a fund that would finance environmental protection and the creation of workplaces. In using the term "reorganization" we do not have in mind the changing of the production structure, because the state is incapable of efficiently doing so, as that can be seen from the record of the past four decades. Instead, we have in mind, for example, reducing the volume of outstanding loans held by enterprises which would then be recovered as a result of higher selling prices that could be achieved as a result of "reorganization."



**Office of Council of Ministers on Current Tasks**

92EP0216A Warsaw *PRAWO I ZYCIE* in Polish  
No 5, 1 Feb 92 p 3

[Interview with Wojciech Wlodarczyk, chief and minister of the Office of the Council of Ministers, by Zdzislaw Zaryczny; place and date not given: "An Insight Into the Government"]

[Text] [Zaryczny] The Sejm has accepted the budget report. Does this mean that the government of Jan Olszewski has won its first big battle?

[Wlodarczyk] Even if it has, that is a Pyrrhic victory. First, because the government asked for acceptance of a proposal which is not its own and whose accuracy it cannot guarantee. Still, there was no possibility of any other maneuver. We were ambushed. Our concept of a gradual restructuring of the economic policy diverges greatly from the picture drawn up by the budget report. Willy-nilly, with a heavy heart but also with full awareness of its responsibility, as Prime Minister Olszewski put it, we had to accept that picture. Secondly, that entire "battle" for accepting the budget report was actually a kind of substitute for both the struggle underway in the parliament and the social tensions clearly evident outside the parliament. The present already very fragile and teetering system of political alliances has been unnecessarily exposed to harm.

[Zaryczny] How long will it still teeter?

[Wlodarczyk] Until the government gains the solid footing of a reliable parliamentary majority.

[Zaryczny] This can be done by broadening the government coalition.

[Wlodarczyk] Of course, cabinet talks and parliamentary alliances are highly important, but it is no less important to build support for the government on foundations that are clear and explicit not only to the parliament but also and above all to the society. It seems to me that an alliance between the peasant and Christian Democratic parties precisely fills the bill in the sense of being acceptable to a majority of the society, meaning also that it is in some way attractive to that segment of the public which refrained from participating in the elections. It would be strange if political coalitions finding no support among the society and useful only for weeks or months were to be formed.

[Zaryczny] You are referring to the "Trio," the triangular alliance among the Center Accord, the Democratic Union, and the Liberal-Democratic Congress, are you not?

[Wlodarczyk] As you are aware, that "Trio" and many other ideas are being variously interpreted. We have to be mindful, however, all the time, of how we are being judged, how the public is viewing our parliamentary games, if only in order that voter turnout in the next elections would be a couple of percent higher. This

accounts for the importance of Prime Minister Olszewski's attempts to strengthen the peasant Christian coalition so that it may become consolidated at least within the spectrum with which we are dealing at present.

[Zaryczny] This does not sound encouraging to groupings which are considering the possibility of joining your coalition.

[Wlodarczyk] The need to broaden the coalition is obvious. But with whom? Some say, the KPN [Confederation for an Independent Poland], while others discuss the possibility of participation by the liberals in the present government. Each of these eventualities has to be weighed, even that of participation by the Democratic Union, although the direction of the further evolution of that party is unknown.

[Zaryczny] Let us dot the "i." Many commentators believe that the differences between Prime Minister Olszewski and the leader of the Center Accord [Jaroslaw Kaczynski] are growing as regards their views on the role of the Democratic Union, and not only on that.

[Wlodarczyk] Mr. Jaroslaw Kaczynski is, so to speak, the godfather of this administration. He has been instrumental in getting Jan Olszewski appointed to the prime ministership, and he is one of the most eminent Polish politicians. True enough, there has been lately much publicity in the press about tensions between the prime minister and Mr. Jaroslaw Kaczynski, but I do not perceive the existence of any such tensions. Recently Prime Minister Olszewski attended in the capacity of a guest a session of the Political Council of the Center Accord and met with an extremely warm reception there. I think that this fact is more important to interpreting the relations between the two politicians than the surmises of commentators.

[Zaryczny] One of these surmises is that Jaroslaw Kaczynski is the gray eminence of this administration.

[Wlodarczyk] Prime Minister Olszewski is a person with sharply defined ideas and political views, such that it seems highly unlikely to me that any individual whatsoever could act as a gray eminence and influence the prime minister clandestinely.

[Zaryczny] In the prime minister's immediate entourage there are three politicians with numerous contacts: Artur Balazs, Zdzislaw Najder, and you. What are actually your own and their individual competences and responsibilities?

[Wlodarczyk] The current duties of Minister Balazs include formulating the government's opinions on the constitution and electoral law, as well as on laws governing political parties, which urgently require amending. Mr. Zdzislaw Najder is the head of a team of advisers which will act as, so to speak, an "early warning radar" indicating what should be done, what should be avoided, what other solutions should be considered, and so on. But as for the party-political "geography" itself,

that team will not concern itself with it, and I do not see how it can possibly do so. Thus there are no conflicting competences, no interference with the prime minister's own, and occasionally mine, contacts.

[Zaryczny] Yours too?

[Wlodarczyk] Insofar as these contacts concern ministerial alignments in one way or another. That is because my official duties provide me with insight into the government—into discrete ministries and the problems with which they are concerned. But of course, my principal duty is to assure an efficient operation of the administrative office and secretariat of the government.

[Zaryczny] I assume that recently you have had to devote a great deal of time to personnel matters. How do you approach them? What criteria do you follow?

[Wlodarczyk] Indeed, various politicians come to me and present various proposals, but I do not recall their making any demands for personnel appointments.

[Zaryczny] But they make suggestions, requests, do they not?

[Wlodarczyk] No. Usually the "scenario" for such visits is similar: First we define and analyze the nature of the problem and explore its optimal solution and only then, if it is truly necessary, we fit a suitable candidate to that problem. Before that candidate is appointed to the position, priority is given to evaluating his or her professional qualifications, although this does not mean that we disregard political considerations. This is required in the interest of, among other things, strengthening the support for the government coalition.

[Zaryczny] What will happen if, e.g., the Polish Peasant Party and the minister of agriculture differ in their views on how to staff the positions of deputy ministers of agriculture? Whose rationale would you support?

[Wlodarczyk] The decision is not up to me. The minister has to explain and settle it with the prime minister.

[Zaryczny] When will the process of forming the government be completed?

[Wlodarczyk] You would have to ask every individual minister. So far as I am concerned, the first decision I took was to appoint a special taskforce, under the direction of Senator Jerzy Stepień, to map out a broad administrative reform. I am also carrying out certain personnel shifts within the Office of the Council of Ministers, shifts that will be very slowly continued. I cannot say whether they will take a month or two to complete. Their purpose is to streamline the Office of the Council of Ministers so as to make possible its smooth inclusion in the reform of the entire administration.

[Zaryczny] It is my understanding that the position of deputy prime minister will remain vacant for the time being, will it not?

[Wlodarczyk] I know nothing about that and I do not see any special need for it. Even without that position the administrative staff is already bloated.

[Zaryczny] On the other hand, there certainly are many appointments to be made to positions at the voivodship level, are there not?

[Wlodarczyk] Indeed, many applications have been submitted. But in such cases I follow the rule of first familiarizing myself with the activities of the voivode, carrying out a routine check, and evaluating the applicant. Besides and anyway, it is the voivodship dietine that makes the final decision on whether to accept the nomination. So far, aside from Wrocław, we have not replaced any voivode.

[Zaryczny] But the replacements will follow, won't they?

[Wlodarczyk] Yes, there are several vacancies that need urgently to be filled. For example, four voivodes, including those of Gorzów and Toruń, have resigned because they won deputy seats in the parliaments. In some other voivodships voivodes have to be replaced owing to a tense public mood. Here partisan preferences are not considered. What matters most is that the new voivodes exercise their duties efficiently regardless of their political affiliation. Sometimes I doubt whether that is indeed happening. But in every individual case the decisive factor will be, I repeat, an objective evaluation of professional qualifications, and that is something I accept full responsibility for.

[Zaryczny] What were your feelings on reading the report on the state of the nation prepared by the Bielecki administration?

[Wlodarczyk] Mixed. In many ways it is too "rose-colored." On reading its last chapter, which deals with administrative matters, I noticed that it does not mention a most important matter, namely, the failure to do practically anything to consummate the reform of local government administration so far. Sure, legislation establishing the Ministry of Public Administration and the Chancellery of the Government had been drafted, along with an initial draft of a law on public servants—all of which I intend to revise to some extent and then present for adoption to the Sejm, but that was a difficult year to administration and to local governments.

[Zaryczny] A few days hence a "counter-report," which Prime Minister Olszewski had asked Minister Balazs to draft, is to be published. It would be interesting to compare these two reports.

[Wlodarczyk] But that is neither a "counter-report" nor a commentary nor an appendix to the Bielecki Report. It will be a typescript several pages long, extremely abridged, spotlighting whatever differs our government from its predecessor and clearly identifying our own actual starting point. We gave that report the working name of "The Opening Balance-Sheet." Together with the assumptions of social and economic policy which we

shall present in mid-February, and together with the draft budget as well, this shall be the first "visiting card" of the government of Prime Minister Olszewski. We will be facing a major battle in this connection, but by then that will be a battle for our own ideas.

[Zaryczyny] Do you also intend to battle for special powers?

[Wlodarczyk] Of course, In the present situation, given the hugeness of the tasks imposed by the reality as well as those we pose to ourselves, implementing, e.g., an administrative reform in the absence of special powers would be impossible.

[Zaryczyny] In that respect, does the government intend to cooperate more closely with President Walesa?

[Wlodarczyk] I think that such cooperation already exists. There are regular contacts at the prime minister-president level. I myself, too, recently had the occasion to engage in a lengthy conversation with the president. I proposed a working meeting between the president and the government in order to compare and coordinate concepts. Mr. Walesa accepted my proposal and promised that in the near future he would attend a session of the Council of Ministers.

[Zaryczyny] Judging from your answers, the government of Jan Olszewski is based on an appropriate coalition platform, selects skillfully the directions of its initiatives, and is slowly but definitely gaining the trust of the society. Why is it then that its reception by the press continues to be far from the friendliest?

[Wlodarczyk] I am aware that the image of our government in the mass media is not what we would expect; unfortunately, at times it is simply inaccurate. Let me point out, however, that the mass media by now enjoy full freedom of speech. Similarly, television, although formally government administered, should not be subject to any pressures. This way it will gain credibility. Of course, this requires "telling it like it is," objectively and in an unbiased manner. If there is anything I would desire in that connection, it would be to ask the mass media for understanding and patience, for granting us those symbolic 100 days of tolerance and sympathy, or at least for refraining from looking for pretexts to exacerbate tensions. This is tremendously important, in view of the limited room for maneuver and the constraints on the resources available to the government. It seems to me that the parliament has become aware of this situation, as demonstrated by, e.g., the results of its vote on the budgetary report. This would be a bad time to change the government. What is more, I do not think that any other government can accomplish anything else than what is being accomplished by the government of Jan Olszewski.

[Zaryczyny] Thank you for the conversation.

### Less Severe Outlook for Environment Indicated

92EP0212A Oslo AFTENPOSTEN in Norwegian  
10 Feb 92 p 3

[Article by Sveinung Berg Bentzrod: "Poland Better Than Reported"—first paragraph is AFTENPOSTEN introduction]

[Text] The environmental situation in Poland is far brighter than the impression given in the media, according to Norwegian researchers. Soil and water samples taken over large parts of Poland are described as remarkably positive.

The studies conducted by the Center for Environmental Research on Soil Conditions and the Center for Industrial Research (SI), which were partly financed by the Environmental Affairs Ministry, give reason to reevaluate the view of environmental problems in Poland and probably in East Europe in general, according to Professors Hans M. Seip and Nils Christophersen.

"The media have created a picture of the environment in East Europe as being totally destroyed by emissions from outdated heavy industry. Part of the explanation may be that complaining about pollution was a legal way of protesting against the communist regime at the end of the 1980's. But the picture must now be modified, especially for the large areas of land outside the industrial centers," said Christophersen.

The Norwegian environmental measurements were made in a number of different areas in Poland since 1988 and included data obtained 20-200 km outside the industrial centers of Krakow and Katowice. The samples were analyzed in Norway to determine the content of heavy metals such as lead and cadmium and to assess the degree of acidification of the soil and water. According to Christophersen the amounts of heavy metals were, as anticipated, greater than one can call natural. But even the largest quantities measured were no more than around 30 percent above the amounts found in forest areas in southern Norway. "The amounts are undesirable, but can hardly be described as critical for a forest ecosystem," he said.

"One of the areas where acidification is probably extensive is the Sudeten mountains where dead forests have been reported. But in several areas exposed to large amounts of polluting components the surface water is not acid enough to be biologically harmful. This is probably due to calcareous mountain soil which has a neutralizing effect," Christophersen said.

International data recorded at the Norwegian Institute of Atmospheric Research (NILU) show that atmospheric concentrations of sulfur dioxide are many times higher in Poland than in Scandinavia. However precipitation there is not a great deal more acid because industries and agriculture release ammonia and dust which have a neutralizing effect. In the immediate vicinity of the industrial centers and in a number of Polish rivers there

are extensive concentrations of toxic heavy metals and other pollutants. "But the situation outside these areas is not nearly as bad as believed," Christophersen said.

### December 1991 Economic Statistics Detailed

92EP0196B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 14 Jan 92 p 1

[Article by P.A.: "Central Office of Statistics on the December Economy: Wages Higher Than Production"]

[Text] December economic results were weak. According to GUS [Central Office of Statistics] information, industrial production was less than 3.3 percent higher than in November with two more workdays in December. Meanwhile, wages in the economy rose by 8.7 percent. In foreign trade, the negative balance was less than 3 trillion zlotys [Z], the equivalent of approximately \$280 million. Over 11 months, the profitability index in the economy declined to 5.8 percent. Details follow.

### Industry

Earnings from the sale of production and services in industry were actually almost 20 percent lower than earnings a year ago, in spite of the fact that this December has two workdays more than last December and that they were 3.3 percent higher than in November. Production in the electrical engineering industry rose most significantly (by 16.5 percent compared to November) and the food industry (by 9.9 percent). It declined compared to the previous month in light industry (by nearly 17 percent) and in the mineral industry (by nearly 19 percent).

### Construction

Earnings from the sale of basic production in construction-engineering assembly enterprises were 3.7 percent higher than a year ago and higher by the same percentage than November figures. Construction seems to be in a better state than industry.

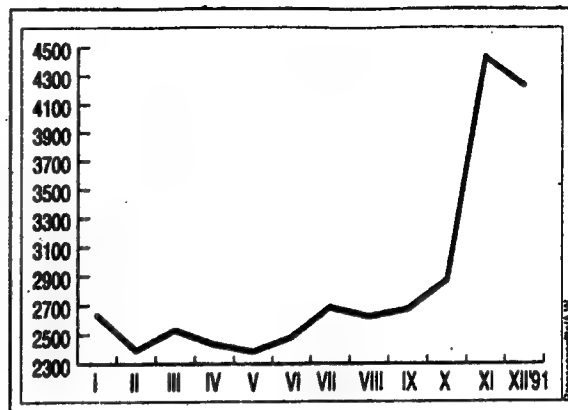
### Prices

The price increase index by comparison with November was 1.1 percent in industry and 1.4 percent in construction. Prices in industry were 36.7 percent higher than last year's December prices and they were 35.1 percent higher in construction. In the second half of the year, the price increase in these economic sectors was minimal: 10 percent and 7 percent respectively. According to Ministry of Finance [MF] estimates, the index of the increase in consumer prices is expected to be 3 percent, but official GUS data will be known in a few days.

### Wages

The average wage in six basic sectors of the economy was Z2.301 million in December. This was 8.7 percent higher than a year ago. In industry, wages rose by 6.6 percent to Z2.331 million, while in construction wages rose by 9.4

Table 1. Average Monthly Wages in the Mining Industry (in thousands of zlotys)



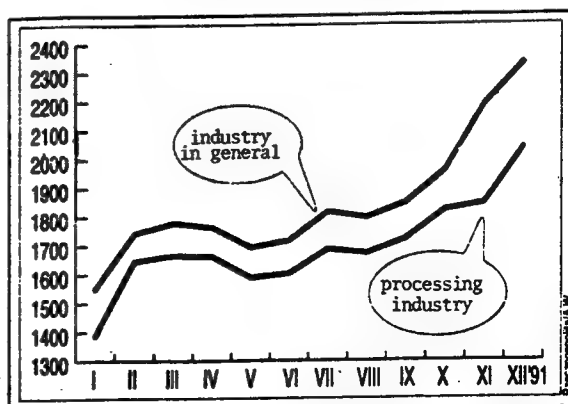
percent to Z2.448 million. In the remaining sectors, wages ranged from Z2 million to Z2.4 million.

In the mining industry, wages were Z4.232 million, and in the processing industry they were Z2.035 million. Wages were lowest in light industry, ranging from Z1.550 million to Z1.700 million.

According to preliminary Polish National Bank [NBP] data, individual earnings obtained in the socialized sector rose by more than 10 percent over November. Earnings were 7.9 percent higher, social benefits were more than 20 percent higher, earnings in the nonsocialized economy were nearly one-fourth higher and credit granted rose by more than 10 percent. Overall, December earnings were set at somewhat more than Z64 trillion.

Outlays were nearly 14 percent higher; undoubtedly, the holidays had some effect on this. Primarily, money spent for the purchase of goods, for taxes and for the repayment of credit increased.

Table 2. Average Monthly Wages in Industry (in thousands of zlotys)



On the other hand, the increase in the money supply was lower than in November, being less than Z3.5 trillion. Savings increased significantly, by Z5.2 trillion, or nearly three-fold over the previous month. Meanwhile, cash reserves declined (by Z1.7 trillion).

#### Foreign Trade

Unfortunately, data on December results in foreign trade is scanty. Export earnings were set at Z18.5 trillion, while import earnings were set at Z21.5 trillion. At the average rate of 11,072 zlotys per American dollar, this yields \$1.674 billion in export and \$1.943 billion in import. This data, however, should be considered approximate, since not all foreign trade is accounted for in convertible currencies, and the average rate does not render precisely the real value of contracts.

In export, the increase in zlotys by comparison with November was more than 32 percent, while the increase in zlotys in import was 81 percent. This was certainly due to the announced lifting on 1 January of a portion of tariffs and the increase in tariffs on automobiles.

Results for the entire year showed a negative balance of Z431 billion, or approximately \$40 million.

In 1991, total export volume was 6.5 percent lower than a year ago, while import volume was 34.4 percent higher.

#### Russian Regional Economic Cooperation Proposal

92EP0205C Warsaw RYNKI ZAGRANICZNE  
in Polish No 12, 30 Jan 92 p 8

[Article by (jz): "Russia Announces Idea of Regional Cooperation"]

[Text] The internal economic problems of the postsocialist countries do not eliminate their plans to establish and develop regional cooperation, especially since hopes that exchange among firms would directly replace government controlled trade automatically have miscarried. The development of trade relations with the West has not replaced the structured, natural relationships between the countries of Central and East Europe, and projects are being created to invent a mechanism to facilitate trade and other forms of economic cooperation. These concepts have been carefully examined to see that they do not constitute a return to the errors of the former Comecon.

Russian economists and economic activists have recently presented a proposal to create a mechanism for cooperation. At a recent meeting in Warsaw, specialists from the Russian Academy of Science's International Institute for Economic Research presented a proposal for the creation of an International Organization for the Promotion of Economic Cooperation, or "Mores." The organization's activity would concentrate on creating conditions for multilateral dialogues between companies and focus on establishing a unified data network to serve new forms of economic cooperation. Other efforts in this direction

would include work to eliminate trade barriers. Another project was announced jointly with the Russian Raw-Materials and Commodities Exchange, the creation of an Economic Cooperation Council to act as an international nongovernmental organization to facilitate the establishment and activation of mutually beneficial contacts.

Poland occupies a special place in Russian concepts for establishing regional cooperation, inasmuch as Poland accounted for between 75 and 80 percent of the trade exchange with the former Soviet Union. The purpose of the independent Center for the Promotion of Cooperation with Poland established last year in Moscow is to support the development of cooperation in the realm of economics, business, and scientific research. Under the center's auspices, one can set up presentations of goods and services offered by Polish and Russian firms, as well as those of third countries, find partners, and obtain information concerning the operating conditions on the Russian market.

Representatives of the Russian Academy of Science's International Institute for Economic Research have proclaimed Russia to be a country of great opportunity for foreign entrepreneurs. Certain connections with the Russian commodity exchange would to some extent test how realistic it would be to stimulate trade with Russia.

#### LOT's Chances for Market Survival Discussed

92EP0209A Warsaw GLOB 24 in Polish 28 Jan 92 p 11

[Interview with Michal Morawski, former Polish Air Lines representative to International Air Transport Association, by Marek J. Zalewski; place and date not given: "Will LOT Survive Through the Year 2002?"]

[Text] [Zalewski] The periodical THE EUROPEAN in an article on the financial situation of airlines cites the opinion of Richard Hutton, member of the German firm Vereinigung Cockpit, that the opening up of Europe in 1992 to free competition in aviation, will leave only five or six carriers on this market. Only those will survive who win the race for passengers at the lowest prices. Do you agree with this pessimistic assessment and will PLL LOT [Polish Air Lines] be among those five carriers?

[Morawski] Mr. Hutton is not alone in his opinion. American experience, where free competition was introduced the earliest, shows that the first stage is the emergence of a large number of new firms as the result of deregulation, followed by the "falling out" of the weaker ones.

Experts say that in a few years only the 10 largest American carriers, the so-called "mega-carriers," and perhaps six European and two or three Asiatic firms, will remain in the world. Given that situation, I do not see any chance for LOT, nor for any other small carriers.

[Zalewski] What, in your opinion, will weigh most heavily on LOT's future?



[Morawski] LOT's biggest problems are money for investment, organizational structure, and marketing-tariff policy.

Everyone agrees that LOT must replace its aircraft inventory, but little is said about how this is to be financed. I estimate roughly that LOT needs approximately \$700 million immediately and according to my assessment it will not be able to pay off such a sum even if bank credits were arranged.

[Zalewski] How, then, can this problem be solved?

[Morawski] LOT could solve this problem through the financial intervention of the government, but this does not appear likely in view of the state of the budget. Another solution, applied recently in Argentina, consisted of selling 50 percent of Aerolinas Argentinas stock to European carriers. This is how the government paid a portion of its huge debt and the airline obtained an injection of indispensable capital. But I would be afraid to propose this to LOT, because this would guarantee an attack by Professor Kowalski in his "Case for a Reporter" program and the charge that this is a sell-out of national assets.

[Zalewski] The replacement of Russian equipment with American planes did not itself produce the increase in LOT flights that had been counted on?

[Morawski] As I already said, another problem with LOT is the organizational structure: A good product not only has to be produced, it also has to be sold well.

It is assumed throughout the world that sales personnel make up 30 to 50 percent of airline employees. In LOT this was usually 10 percent, and the largest department was always administration. We have to say goodbye to the Vacations and Camps Section, the carpentry and stove-setters crews, etc. The productivity of a LOT employee—according to IATA [International Air Transport Association] statistics—is one-third that of employees in American lines. This does not mean that a LOT cashier or a girl at the airlines departure counter works less than their American counterpart. Often they work more, but the production worker is burdened with inflated ancillary services. I will wager that the famous Continuous Inventory Department, which constantly counts the number of chairs, is still functioning.

This is cruel, but with the present number of flights and numbers of planes, survival will require a reduction in force, possibly by as much as half.

[Zalewski] How is it possible that LOT is selling its services at the same prices as much better carriers and is this not the reason for the large drop in flights observed in recent years?

[Morawski] The requirement that sales must be at the same prices as those of the competition stems from IATA decisions as well as international agreements, but

this is a noose which is choking LOT, and neither the carrier nor the airlines authorities are doing anything to change this situation.

I have written several times about this paradox, which is tantamount to a situation in which a Poljot watch has to cost as much as a Swiss watch, and the customer has the right to choose!

[Zalewski] Does this mean that LOT is in a situation in which there is no way out?

[Morawski] No, but it would require that the following steps be taken:

The government should cancel the existing intergovernmental contracts which order carriers to coordinate prices and schedules and require that flights on many European routes be pooled.

The experience of the United States in the 1970's is helpful here. LOT, however, should conduct a more active tariff policy, leading to a reduction in the cost of tickets.

Just one of the ideas: In the 1960's after jet planes were introduced, IATA introduced special surcharges to ticket prices for jet flights. Reasoning in reverse, LOT should make reductions on all routes served by airplanes with a lower (by today's world standards) standard of on-board service.

As Mr. Hutton rightly noted, the key to survival lies in the pricing policy.

[Zalewski] You were a delegate for 20 years to IATA and are currently representing Danish industrial companies?

[Morawski] At one time I offered my services to the minister of transport, but he did not even reply to my offer. Apparently the time has not yet come for experts with no party affiliations.

### **Polish-Lithuanian Economic Talks Prove Worthwhile**

*92EP0205A Warsaw RYNKI ZAGRANICZNE in Polish No 11, 25 Jan 92 p 8*

[Article by Jan Wyganowski: "The Example of Pusk"]

[Text] The economic meetings set up in Pusk (Suwalki Voivodship) for Polish and Lithuanian businessmen are starting to produce very concrete results. More than 30 initial trade agreements have been signed, as a result of the second round of Pusk meetings. For example, the Lithuanians offered building materials and wicker. It is interesting to note that the Lithuanian offer of tombstones (granite, for example) turns out to respond to a great demand in Poland. Orders from all over the country are flowing into Pusk.

The farmers, however, are happiest with the agreement which Deszra, one of the Pusk companies, made to

export 5,000 tonnes of grain to Lithuania. The Lithuanians are also interested in electronics.

Gmina head Romuald Witkowski recently received authorization from the Hanza Info information office in Vilnius to open a branch of it in Suwalki voivodship. It is also noteworthy that a merchants' organization created in Tallin adopted the name Hanza Nowa, and its founders are not only representatives of the Baltic states but also of cities like Moscow, St. Petersburg, and Pskov. The creation of its information office in Suwalki, completely outfitted with computers, would make it possible for companies to become associated with one another in an efficient manner. Meanwhile, the Punia Pusk Promotion Center is playing an important role in this area, along with the Balticom Promotion and Information Agency, which has its own headquarters in Warsaw.

It is also worth noting that there are about 20 Polish-Lithuanian trade companies operating in Pusk alone. The next round of economic meetings is planned for May. Merchants from Latvia and Estonia, and perhaps Belarus and the Kaliningrad District, will be attending them, as well those from Poland and Lithuania.

#### **Gdansk Repairyard Lands Large Norwegian Contract**

92EP0205B Warsaw RYNKI ZAGRANICZNE in Polish No 12, 30 Jan 92 p 8

[Article by (drzem): "They're Overhauling 37 Norwegian Ships: Record Contract for the Gdansk Repairyard"]

[Text] The largest Polish "ship clinic," the Jozef Pilsudski Gdansk Ship Repairyard (GSR), has signed a contract with the Jebsens Company, which is representing a group of Norwegian shipowners with about 100 ships, to overhaul 37 vessels during the next two years. Neither the GSR or any other Polish shipyard has signed a contract to overhaul so many ships before.

The contract with Jebsens is another big step forward for the shipyard, bringing it closer to the Scandinavian market. The first step was a joint venture with Optimus, a Swedish firm that offered to have GSR coproduce components for hydraulic presses and other equipment. The Swedes, who hold a 51-percent share in the company, offered not only capital but also know-how and a package of projects for the future. The Polish contribution to the company came in the form of a production hall, along with the social infrastructure and part of the machinery.

It should be emphasized that the GSR is a decided leader among Polish repair and production shipyards, in terms of the economic results achieved. It owes its present successes to a drastic improvement in the quality of services, quicker repair turnaround time, timely restructuring, ongoing privatization of the plant, and the symbiotic relationship its shipyard units have with the various private companies and cooperatives operating at the GSR site, as well as an active marketing program. This last feature consists, among other things, of creating its own agency network encompassing the

shipping agencies that are the most sensitive in terms of demand for overhauling services in this branch of industry, as well as continually advertising GSR services in the best known world shipping publications.

The result of these activities is a nearly full portfolio of ship overhauling orders, nearly 80 percent of which now come from Western markets. They are filling the gap left on the shipyard docks and outfitting piers by the Soviet, East German, and Polish ships—there are fewer and fewer Polish ships too—that were overhauled there two years ago.

#### **Growth in Trade With Finland Foreseen**

92EP0205D Warsaw RYNKI ZAGRANICZNE in Polish No 15, 4 Feb 92 p 8

[Article by (emes): "Finnish Business Day in Poland: An Interesting Offer"]

[Excerpt] [passage omitted] Trade with Poland has been a minor part of Finnish foreign trade. At its height, during the 1980's, imports from Poland accounted for 1.7 percent of total Finnish imports, and exports to Poland did not exceed 0.3-0.4 percent of exports.

Our country's transition to a market economy and making the Polish zloty a convertible currency caused Finnish exports to Poland to increase by 86 percent and imports to fall by 29 percent, even by the first half of 1991. Trade is becoming more balanced, taking into account the previous continual imbalance with the excess on Poland's side, but the size is still not satisfactory. Poland's main exports to Finland (50 percent of turnovers) have been coal and derivative fuels, raw materials, and a small amount of machinery and equipment. We imported from Finland a small amount of machinery, equipment, and vehicles. Taking into account the countries' close proximity, the improved transport connections on the Baltic, and factors related to Poland's changed economic relations, we can expect a rapid, significant increase in trade back and forth, without any special investment. The Finns are very interested in this trade, and an important argument is the fact that for nearly all industrial and utilitarian items imported from Finland, Poland is not subject to tariffs. [passage omitted]

#### **Dividend Returns of Initially Privatized Companies**

92EP0196C Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 13 Jan 92 p II

[Article by P.J.: "Stocks After a Year: Who Made Money and Who Lost Money"]

[Text] A dividend is not the only source of earnings for stockholders. Often, they receive more income due to an increase in the price of stock.

Unfortunately, last year was not overly kind to stockholders. The price of most stock is lower than the issue price. If we

take into consideration the possibility of purchasing stock on the original market by paying in shares, and the profit, we see that only the stockholders of the following did not lose out: Prochnik (a total profit of 9 percent), Exbud (310 percent), Wolczanka (25.6 percent), Zywiec (119.4 percent), and Wedel

(94.6 percent). Of course, the physical acquisition of such profit is not possible. Decisions regarding payment in the form of a dividend on the total profit may be made only by a general assembly of stockholders. It is already known that this is not very likely, at least in the case of Wedel.

Table 1

Company	Issue Price in Zlotys	Price on 31 December	Difference in Percentages	Net Profit	Number of Months	Forecast of 1991 Profit	Profit in Percentages	Price to Earnings Ratio Compared to Stock Price
Tonsil	80	38.50	48.1	(- 4,664)	10	—	—	—
Prochnik	50	40.50	81.0	5,358	9	7,144	11.8	8.5
Krosno	65	29.00	44.6	1,534	9	2,045	3.2	31.19
Exbud	112	340.00	303.6	116,410	9	155,213	45.7	2.19
Kable	70	52.00	74.3	94	9	125	0.2	414.89
Swarzedz	50	29.00	58.0	approx.- 37,000	10	—	—	—
Wolczanka	50	40.50	81.0	12,940	9	17,253	28.4	3.52
Zywiec	100	146.00	146.0	118,677	11	129,466	44.2	2.26
Wedel	130	180.00	138.5	149,872	11	163,497	28.4	3.52

As we compare the income of stockholders presented in the table, we must keep in mind that the sale of Exbud stock was conducted in December 1991, the sale of Zywiec stock took

place in mid-1991, and the sale of Wedel stock took place in October. This means that in the case of Wedel, profit for the year was approximately 576.6 percent.

### **PAC Chief on Political Goals, Roman**

92BA0513B Bucharest FLACARA in Romanian  
15-21 Jan 92 p 5

[Interview with Nicolae Manolescu, chairman of the Civic Alliance Party, by Roxana Paicu Manolescu; place and date not given: "We Are Accepting the Risk of Honesty"]

[Text] [R.P. Manolescu] The Civic Alliance, and after it the Civic Alliance Party [PAC], have been accused of elitism. This accusation is furthermore used as an argument to alienate the electorate. I think we should examine this point.

[N. Manolescu] Our accessibility to all the country's areas and localities, to all social groups, almost self-defeats the accusation that we are an elitist party. It is true that we started with a handful of intellectuals, but we now have chapters and subchapters almost everywhere in the country, led by local people, peasants, teachers, public employees. Another area we have tried to penetrate is the traditionally named labor groups, which are extremely heterogeneous.

We have met, and continue to meet with nearly all the large union groups. We have also made contact with the smaller unions. To the extent to which unions control the labor world, we can say that we have pretty good contacts.

[R.P. Manolescu] What is your major argument in the discussions with the unions?

[N. Manolescu] We have not sought a special argument for unions. We have shown them our economic and social programs, and have asked them about their programs. In some cases, we even negotiated. We started with the premise that we can make no compromises about some economic principles. Unlike the other East European countries, we are starting from zero. In Miclos Harosty's blueprint, in which all communist regimes have undergone three stages of development—post-Stalinist, posttotalitarian, and postcommunist—Romania finds itself in the situation of living through the posttotalitarian and postcommunist stages at the same time. It is in fact not coincidental that Ilescu speaks of the antitotalitarian revolution without saying one word about its anticommunist nature.

[R.P. Manolescu] In this particular context, I assume that it is not only necessary, but also particularly difficult to approach the unions.

[N. Manolescu] For 40 years, we have been lied to, deceived. We present them with serious, well-founded analyses, which can be implemented into processes whose postponement or promotion depend on their reaction. This is the sense in which we perceive our collaboration with the unions. On the other hand, political concepts are also brought into play; in meetings with workers, the problem is mostly one of language.

[R.P. Manolescu] I think that the language is exactly what has created the elitist image for the party. The idea of elitism arose with the first television programs, which were quite remarkable in fact, and which featured members of the Group for Social Dialogue [GDS].

[N. Manolescu] This connection is being made increasingly less nowadays. It has been said that from the start, the GDS was a select club, an extraordinary club, with top people, but which did not propose political goals. The best evidence for this is that in the present PAC leadership, even among the party members there are very few who came from GDS. We are not a club, we are a party.

[R.P. Manolescu] And from a party, people expect practical solutions, not theoretical propositions.

[N. Manolescu] Only recently I had a discussion with a worker in Breaza. He had come with a set of questions that were bothering him and his coworkers. It was not easy for me to answer him, and in some cases I had only hypotheses, and he wanted actual answers. In such a case, there is only one solution: to be honest. I have never said that I knew if I didn't know.

[R.P. Manolescu] This is of course the most honest way to conduct an electoral campaign. I even dare say, the only possible way, given the decades of lies through which we have lived. On the other hand, it involves very great risks, because the perception of a campaign conducted with absolute honesty assumes a certain level of understanding from those who are being addressed.

[N. Manolescu] I agree. But I have said it from the beginning: Our primary goal is not to gain power. We have consequently also accepted the risk of losing part of the unprepared electorate. We decided not to lie, nor to lower ourselves to false populist solutions. We call ourselves the Civic Alliance Party and are derived from an association which undertook to build a civilian society. We are now confronted with two goals: an immediate one, and a longer range one. We are forced to accept that this is the political education state of the Romanian electorate, that several years will pass before this level is raised, and we will attempt to propose to achieve our immediate goals while remembering that the major goal is not to gain power, but to rebuild civilian society.

[R.P. Manolescu] Against the background of the present economic crisis, in which the population's poverty is growing very rapidly, there is a tendency to accept ready-made solutions. Part of the population continues to be obsessed with tranquility, in which solutions, even if they involve lies, are preferable to uncomfortable truths.

[N. Manolescu] You see, I don't believe that the great problem is really that the people are no longer capable of enduring matters for a few more months, even years. The problem is that hope for improvements, motivation, have disappeared during these two years. Hope has disappeared to the extent that we no longer know why we

must endure these deprivations, and the lack of motivation arose with the disappearance of the reform credit. Ceausescu was the end of a historical cycle; it was normal to expect him to fall. Those who have just come to power are barely at the start of a historical cycle; their fall is therefore not imminent. They have been elected by a vote which beyond fraud and confusion was nevertheless a popular vote. Lacking motivation, the people no longer accept; no one has confidence anymore. Hence a loss of acceptance for political parties. But in final analysis, who accomplishes the reform?

[R.P. Manolescu] To what extent will the creation of the Democratic Convention help to overcome the difficulty of understanding that no matter what happens, political parties will have to initiate and achieve the reform?

[N. Manolescu] To begin with, I consider that this convention is the only chance for the opposition to obtain a favorable electoral role. I won't say that we will necessarily win the election, but we at least will balance the political situation at the local level and in Parliament.

[R.P. Manolescu] I believe that the question at this point is whether the opposition is capable of retaining its unity as part of the Convention, because one of the causes for the loss of political motivation is the opposition's inconsistency and lack of unity.

[N. Manolescu] That is true, and without meaning to sing the PAC's praises, it was not until the PAC made its appearance that this unity, to which we have dedicated all our efforts, became not only possible, but now an established fact. If we get beyond the local elections and reach the legislative ones as a united opposition, and so further, then we will have an additional chance.

[R.P. Manolescu] How much further, given that individual candidates have already declared themselves?

[N. Manolescu] Except me, no candidate has declared himself so far. The PAC had intended this from the start, and we have decided to clarify the issue. Of course, it remains to be seen what the Convention's parties decide.

[R.P. Manolescu] Should they decide to designate a joint candidate other than yourself, what position will you adopt?

[N. Manolescu] We will retain our position to the end. Certainly, with the exception of entirely extraordinary events which are out of our control and which we cannot foresee, we will probably not retract our candidacy.

[R.P. Manolescu] But for the legislative elections, are there any means for the Convention's parties to collaborate in preparing the moment of option for the candidates so that tensions will be reduced as much as possible and the Convention will not unravel?

[N. Manolescu] For the time being, our intention is to verify the operability of the Convention at the local

level. I believe that the technique for designating candidates in local elections was correct. The lists were negotiated man by man, as well as position by position. In the great majority of cases, it was possible to move beyond vanity and personal interest. Of course, the negotiation will be much more complicated this time. We will fix that which needs fixing, and we will attempt to maintain it in the future.

[R.P. Manolescu] I think that it is impossible to avoid the subject of television, which is known to have an outstanding influence in any electoral campaign, an influence that is now considerably greater than usual on Romanian viewers.

[N. Manolescu] One of the conditions we established for the proper conduct, and in one sense for participation in the campaign, was the regulation of the relationship between Romanian Television and the political parties. In fact, in their discussion with Stolojan the representatives of the Convention requested that Romanian Television's management be changed, not only because more time must be devoted to political parties, but also because Romanian Television has to adopt another attitude.

[R.P. Manolescu] We must also not ignore the fact that the political parties have not always found the most appropriate means for presenting their political ideas.

[N. Manolescu] Of course, I don't think that the manner in which politicians appeared one, two, or five at a time to read their messages, is the most fitting way to gain trust and support. Romanians do not always pay attention to what is being said, but rather to the manner in which it is being said and to the speaker's appearance; approval or disapproval occurs spontaneously. Some appearances cause dislike even though what the man says is very correct and profound, just as preferences go to men who spout banalities. It's inevitable.

[R.P. Manolescu] It's a truth which we nevertheless cannot accept as foreordained. We must work on it.

[N. Manolescu] Naturally, we will attempt to be as concise, as decent, and as convincing as we can without boring people, without driving them to turn off the set until the cops and robbers show comes on.

[R.P. Manolescu] Television aside, let us look at the press, such as it is, and especially such as it will be. To what extent is the electoral campaign stamped by the condition of the press?

[N. Manolescu] It is not affected by the condition of the press, but by its distribution. The press, such as it is, seems to me the best thing that happened after the revolution.

[R.P. Manolescu] I was referring to the condition of the press under the new prices.

[N. Manolescu] I'm not very concerned about that either. It is not normal for someone to buy all the



newspapers, as was the case here until now, no more than it is normal for me not to find information about the opposing party in a newspaper, unless there has been a scandal. At present, the FSN [National Salvation Front], which has no decent paper and which never had the press on its side, is in the limelight because it has a scandal. About halfway through my last press conference I realized that most of the questions did not concern the PAC but the FSN. I protested and requested to be asked questions about the PAC. I'm joking, but only partially. The truth is that we still don't have a newspaper for information in the proper sense of the word. But I still say the press is very good as it stands. If it were only well distributed, we would be in an entirely different moral situation.

[R.P. Manolescu] Coming back to the elections, the Iliescu-Roman tension can certainly not be ignored. I therefore will not ask what the FSN is doing, but rather what the PAC and the Convention are doing against the background of this declared conflict.

[N. Manolescu] We can only serve as spectators to this internal conflict, which has actually been predictable for a long time, even if part of the FSN leaders have attempted to hide it or to explain on Romanian Television that it is simply a difference of ideas and therefore democracy. In reality, it is a conflict: a personal conflict, a conflict of political positions and interests, a conflict at all levels and on all planes. However, what does seem to me to be significant—and it's not the first time I discover it in the FSN, and I'm concerned by it, because it is after all the government party—is the total inability to assume responsibility for the mistakes it has made. This was very clear after the fourth demonstration by the miners, when the blame was placed on everyone except those who were in a decisionmaking position at the time. It was also evident later, when during highly confused conditions and on the threshold of a winter that promised to be very difficult, the best thing they could do was to place the responsibility on each other. We did not hear one word of self-criticism either from Roman or from Iliescu. Not to mention that Roman, from his present position, speaks another language than the one he used while he was in power. As things stand, I gather that he is very upset with Magureanu and the SRI [Romanian Intelligence Service]. But while he was prime minister, while he controlled 70 percent of Parliament, why did he say nothing or take any measures? The SRI was required to report to Parliament, so why did he not ask for it? Why did he not indicate that the 13-15 June report was as it was, and that many of the other requested reports were never sent; why was it not noted that the SRI did not want to collaborate with the investigation commissions? Roman and the FSN majority could have obtained either Magureanu's departure and the appointment of a capable man, or a correct response from the SRI and thus the imposition of democratic discipline in that service. Now it is Roman who accuses? It's all in vain. Now he has also become anticommunist. Very nice. I congratulate him, but I ask: Who packed all the administrative structures with former communists? They were

being pointed out, their biographies were being publicized, and it was shown that from the Supreme Court to the lower levels all of them were prominent staff members or former party secretaries. Roman could not see anything then. Today, all of a sudden he has become anticommunist. I have to ask myself what this anticommunism means to him.

[R.P. Manolescu] Speaking of communism: Two years after the revolution, Romanian talk is about the transition to a market economy at best, with not even the vaguest mention of the type of society toward which we are heading.

[N. Manolescu] God forbid that we should now develop capitalism! I'm tempted to say that I understand why a prime minister finds it hard to stand before Parliament in a country that has been communist for 40 years, to declare the construction of capitalism; I'm almost ready to believe that Roman had reason not to say it. In final analysis, we are building a society based on capital, and therefore capitalist.

[R.P. Manolescu] Is it not possible that the crisis that the country is undergoing—justifiably pointed out by the opposition—might be due to some extent to the opposition itself, which indeed has failed to present strongly enough the balance line of the Roman government?

[N. Manolescu] First of all, the opposition did present it—and did it in Parliament as well—except that it was like speaking in the desert, as usual. In the second place, I don't think that the most pressing problem is the Roman government. I think that the more immediate problem is that the state is led by a team that is even worse, the one surrounding President Iliescu; it continues its unconstitutional practices, it meddles in the life of parties, and it brings to Romanian Television men in his clique to speak against the things said in Parliament, as it did for the Commemorative Session of 22 December.

[R.P. Manolescu] With respect to this last example, it unfortunately places us all, as a nation, in a murky light. Parents whose sons were lost, killed by men whose identity is still being kept silent two years later, discrediting those who are in fact seeking the unmasking and punishment of the killers; fathers who are capable of such an action are a cruel reality for a nation that thinks it had been morally reborn.

[N. Manolescu] The dead with the dead, the living with the living. And the living are beginning to have extremely pressing interests. To extrapolate to the general situation, no one has asked for a witch hunt. That is what we say in the declaration of reconciliation that we have published; that people who earlier held important functions which they abused should be kept far away from decisionmaking functions. If this request had been respected, we would now all be in a much clearer situation, both economically and morally. Both the motivations that we discussed earlier and the credibility of parties would have been

entirely different. And to clarify this essential social tension point, the future elections would also have been conducted under different conditions.

[R.P. Manolescu] If I were to ask you to express in only a few words what the PAC is proposing to the country at this point, what would it be?

[N. Manolescu] Honesty in public life, economic prosperity, and moral hope.

[R.P. Manolescu] If we are to ever begin to hope again, why not now?

### **Prosecutor Reviews Army's Role in 1989 Revolution**

92BA0513A Bucharest FLACARA in Romanian  
15-21 Jan 92 p 7

[Interview with General Mugurel Florescu, deputy public prosecutor for the Romanian Attorney General's Office, by Dorin Salajan in December 1991; place not given: "The Revolution Was a Godsend"]

[Text] [Salajan] General, two years after the December 1989 revolution, how do you view that sad and bloody event? Was it a revolution? Was it a plot? Was it a coup?

[Florescu] I can have no other memory than that of the events I directly participated in. I still see those crucial, historical moments which I witnessed, in which I participated, and which I shared. Independently of what is being said (and much is now being said), I swear from the bottom of my heart that it was the revolution of the young! The theories about plots and coups do no hold water; not only that, they actually denigrate all that was clean, beautiful, and ennobling in the revolution of our youth. It was the young people who drove Ceausescu away! This feared tyrant, this criminal, who punished and persecuted his own nation, was put to flight by the multitude gathered together as if by a signal.

[Salajan] There are those who suggest that the December events were provoked either from inside or from outside the country. It is said that we have been manipulated, maneuvered. What do you think?

[Florescu] It is too easy to cast such blame on a nation's courage and moral grace by saying that it can be maneuvered like that, like sheep. No sir, there was no provocation, no palace coup. The people were enormously dissatisfied, the knife had cut to the bone, and the young wreathed our honor and dignity. The fact that some people lay flowers on the grave in the Ghencea Cemetery is a sign of political nearsightedness; whoever wants a return to a sadly remembered regime cannot be having clean thoughts.

### **"I Lived the Most Sublime Moments of My Life"**

[Salajan] There is talk of domestic and foreign forces that have tried to misuse the revolution....

[Florescu] Such groups have probably also existed, who have attempted to profit from the events. I was near those who led the country's dramatic destiny at those very moments of fire and meager hope.

I still remember that the people did not come to ask for bread and meat; they came to ask for justice. During those days and nights of exhaustive work in the service of our fellow man, we saw that people were interested in feeding their spirit, hungry for justice, for untarnished truth. Maybe we forget too easily the networks, structures, honorable relations of a socialist nature through which some acted from the shadows. Let us establish the context rather than imaginary blame. In those dramatic circumstances, not one of us would have acted otherwise than we did. The events proceeded so fast that I cannot say that there were no mistakes. The forces of evil were present at every step; the reflexive gesture of reaching for your gun had become routine. You could have been "the quarry" at every step.

[Salajan] Evil minds are saying the Army wanted to take over the Securitate's powers.

[Florescu] That's a red herring. I won't say that the Army was blameless, but I will say that it was provoked. The snipers were busy throughout the night; they were firing from safe houses, they were firing from all directions. The Army operated in open view, while these occult forces operated at night and with sophisticated weapons. Ceausescu's darling followers did not allow themselves to be intimidated just like that. Evidence, everyone wants material proof; for us, the only valid legal evidence is physical, material proof. In the house from which they were shooting, you could, for instance, distinguish the shadow of a body leaning on the window sill, or several empty shells from different types of weapons.

### **"I Asked Ceausescu Two Questions"**

[Salajan] Mr. Florescu, you participated in Ceausescu's trial. Now, two years later, would you judge him as severely?

[Florescu] I did not judge him. There was a full trial panel, there were defense lawyers. A few of us stood on the edges, as simple observers. Gica Popa, the president of the panel, pronounced the sentence simply and sharply, as he deserved.

[Salajan] Gica Popa, who... committed suicide.

[Florescu] Both Vasile Milea and Gica Popa are said to have been murdered. We don't have enough proof.

[Salajan] During the trial, you asked Ceausescu two questions....

[Florescu] Yes, I asked him why he did not want to answer the court's questions. He responded in his arrogant way, that he answered only to the Great National Assembly. I then asked him what constituted Milea's betrayal. He answered curtly, categorically, that he did not carry out his orders?! I went on to ask what orders?

To fire on the people? He didn't answer me. General Milea, through his firm, forthright position saved the honor of the Romanian Army.

[Salajan] Please forgive me. Was it Gelu Voican Voiculescu who shot the two of them?

[Florescu] No, of course not. I was a step away from Gelu Voican. I won't say that he did not carry a gun; we were all carrying guns. Given the nature of the events, you could not protect yourself with a pencil or a tie knot. After the trial, we went into a nearby room to get our coats. The two old dodderers, with their hands tied behind their backs, were led to face the firing squad. Voican could not have fired from the recesses of the room. The soldiers unleashed a fierce volley; we heard the terrible machine gun chatter. At that moment, Voican said: "May God have mercy on their souls!"

#### **"Ceausescu's Lips Were Red"**

[Salajan] And what did Cerasela say?

[Florescu] That girl had a lot of courage. Some time after the execution she touched Ceausescu. She examined him. Ceausescu's lips were red, rather than purple, as those of the dead. According to Cerasela, Ceausescu shook once, his whole body shuddered. Cerasela said that the man was possessed by the devil! And I do believe that the man was possessed.

[Salajan] Ceausescu was tried and executed. Now I ask you, who fired on us after the 22nd?

[Florescu] Many of your colleagues, newspaper people, place the blame on the Army. But let's be very serious. I won't deny that the Army, the Securitate, the Militia, and the patriotic guard have a share in the blame. In the chaos and disorder, many illegalities were committed due also to the stressful climate. These occult forces, in Ceausescu's pay, had every interest to maintain such a climate even until 30 December and after. Please remember that the Army was provoked. I don't say that the Army was innocent, God forbid. Many are now ready to label, to brand, to accuse; a lot of heroes after the war. Of the 1,500 prosecution files, about 400 have already been solved. I promised the FLACARA magazine the expected disclosures. We are already on the verge of finalizing the Otopeni drama. We had a useful dialogue with the parents and relatives of the victims. We found a human understanding.

[Salajan] Two years after the revolution we still don't know who the terrorists were. Could the Military Attorney General's Office be guilty of complicity?

[Florescu] I assure you that we did everything that hinged on the Military Attorney General's Office. We have compiled the prosecution files that I mentioned. They are our calling card; it will be possible to study, research them, even years later. We have forwarded written and signed reports to the Parliamentary Commission headed by Sergiu Nicolaescu.

[Salajan] You make me laugh. Sergiu Nicolaescu is responsible for looking into the events of December 1989, and Minzatu into the events of Tg. Mures. It would be more fitting for one of them to work in the movies, and the other with miracles....

[Florescu] It's easy for you, newspapermen, to speak. I want you to know that I'm not scared of the press, and that's because my conscience is clear. But the press should correct, to rectify facts, and not irritate, incite, provoke.

[Salajan] I did not mean to irritate you.

[Florescu] I see with some sadness, that Ceausescu, this puny demon who looked like a man, still has an active wing, even within the press, which praises the great deeds of his life. This demon has succeeded in destroying the very spirit of our nation. Our Romanian people have too quickly forgotten the dread, uncertainty, hunger, cold, shortages. This beautiful revolution brought the youth into the streets, and you ask me whether he was tried correctly....

[Salajan] That is what I asked. Because what happened here did not happen in any of the neighboring countries....

[Florescu] What was done here was due to exceptional circumstances. I believe and maintain that he was tried correctly. Our role as observers on the sidelines must not be exaggerated. The risks were serious. We had received threats that 600 Securitate officers from Sibiu would land in Tirgoviste. The news were moving very fast; even Brates was given this type of information to be broadcast over the national station. Keep in mind that Ceausescu and his sinister consort were tried rapidly and executed just as rapidly. Exactly in order to reduce to a minimum the number of victims.

[Salajan] Nevertheless, Mr. Florescu, there were victims, and many of them, even after the Ceausescus' execution. Where are the true culprits? The December terrorists have exalted functions and are the stars of authority.... Whoever ordered to shoot after 22 December 1989, let them answer in court! The guilt of others also falls on the Office of the Military Attorney General.

[Florescu] You are somewhat correct in what you say. There were victims until 30 December, and even later, in January 1990 at Tg. Mures, at the University. Nor did the miners' protests bring us great distinction, quite the contrary. We have a wagonload of files and we are only a handful of people. This does not justify a slowdown in solving the cases; we promised to provide complete information without taking sides.

#### **Between Transylvania and the Moldova Republic, There Is Romania!**

[Salajan] It might have been more honest both for Iliescu and for the Army generals to openly acknowledge when, how, and where they were wrong. To err is human. But I

draw a connection between terrorists and the last miners' protest. Someone must answer to the people for such heinous acts.

[Florescu] I see that you, just like your colleague Nistorescu, want to place the blame on the Army at any cost. The Army was drawn into a dangerous path: The Army was placed in the position to fire. It was a disastrous moment that could have precipitated a national disaster in its wake. I had the impression that this is exactly what was being sought. Transylvania's and Moldova's problems must not be detached from this political game of the various political interests. The idea was to ridicule the Romanian Army, and the Army responded immediately, even if reprehensibly under some circumstances. What do you expect? The Romanian Army was only good to harvest corn and potatoes, to work on huge construction projects. I can't say that the Army, the patriotic guard, did not make mistakes because they were overeager, confused, and unaware. We had been pushed to the limits, placed in an exceptional situation. The reality is much harder and more complex than you, journalists, sometimes see it.

[Salajan] Don't tell me that newspaper people are responsible for everything that happened to us after the 22nd....

[Florescu] No, I'm not saying that. The achievement of the Romanian revolution of December is indeed this free, open discussion with which no one can interfere. I can assure you that during Ceausescu's time we would have both been arrested after such a dialogue; we would not even have been able to leave this office. And there is another benefit, the spirit of youth, of reform. The wheel of history cannot be reversed.

[Salajan] The spirit of youth, the spirit of youth, but there is a noticeable absence of young people in the country's political and economic-administrative structures.

[Florescu] I'm inclined to say you're right. But the role of the young must not be minimized in any way. They had the beautiful, moral courage, almost at the limit of human capabilities, to overturn one of the fiercest dictators in the Eastern European bloc. Do you still remember the barricades erected by the young people? They had no home, no food; day and night they huddled up in the streets of Bucharest. They and they alone overthrew Ceausescu! That is where to look for the roots

of the Romanian revolution; in that intolerant spirit of the young, not in random plots and conspiracies.

I'll tell you a brief story. I was going from the Ministry of National Defense building to the city's center. This was the day of the famous meeting. In the Razoare area, I saw the multitude like a voiceless mass. The flags were pointed to the ground. The portraits of the two tyrants were being thrown out and stamped on. We must not skim lightly over these moments. The young people came forward, bareheaded and carrying a flower in their hands.

[Salajan] Are you afraid, General? Are you afraid? Who killed our children?

[Florescu] If I was not afraid in December 1989, I don't see why I should be afraid now. I've brushed death several times and I was not afraid. Even my wife told me that this game on the knife edge of life was a dangerous thing. I want you to know that I have a clear conscience. I have given no order to close any prosecution file. Nor did I have any interference from political organs in this respect. My colleagues can also confirm this.

[Salajan] That is exactly why I ask you: Who are the terrorists?!

[Florescu] I promised the FLACARA magazine—which just between ourselves is maintaining a certain distinction, a certain elegance of expression—to make some disclosures regarding those who are guilty of the events that have brought the country into mourning. After a preliminary discussion with Attorney General Popa Cherecheanu we will talk with the evidence on the table. Thus, with the proof in front of us, you journalists should not look for guilt where it does not exist. Don't worry, no one stole the revolution of the young.

[Salajan] How would you like to conclude our interview, on this Saturday of December 1991? Of course, not before having promised our readers that we will return with the evidence you promised.

[Florescu] The revolution of the young does exist, Mr. Salajan. Even in the way we have talked honestly, openly, disinterestedly. The young have removed Ceausescu, but not his entire clique. However, many of us have paid too dearly for this revolution. I sincerely regret that your family has also had to pay this price with the supreme sacrifice of your daughter Raluca.

**Role of Judicial Council of Macedonia**  
*92BA0435A Skopje NOVA MAKEDONIJA*  
*in Macedonian 20 Jan 92 p 2*

[Article by L. Kitanovska: "The Republic Judicial Council—Defender of the Law-Governed State"]

[Text] The Judicial Council will have great authority in appointing and dismissing judges, something that, so far, was done by the Assembly commission. It will be a totally independent authority, consisting of nonparty legal experts. It will communicate with the Assembly periodically, whenever deemed suitable, and only when there is a threat of violation of the law.

For the first time in the history of our legal system, there will be a Republic authority whose sole concern will be to ensure the autonomy and independence of the courts. It will be based on the Constitution, which regulates, in principle, its structure, organization, and competence. It was made incumbent upon the Ministry of Justice and Administration to draft the law on the Judicial Council of the Republic within a period of six months from the adoption of the Constitution. Considering its major importance (it is no accident that it was first among the priority laws stipulated in the constitutional law), this was accomplished four months ahead of schedule.

All judicial authorities were given the opportunity to study this law and to submit their remarks and suggestions to the ministry. Amendments to the text were made wherever suitable and acceptable, so that now it has become possible for this law to be officially submitted for debate. Currently, it is "working its way" in the Assembly's commissions, which means that the government's initiative has entered a qualitatively new phase, and the likelihood is that, in the next session of the Assembly, the law will be put on the agenda.

**Administrative Ties**

The greatest objections to having a Judicial Council of the Republic were voiced in the course of the public debate on the Constitution. At that time, a great many controversial thoughts were expressed, one of which was that there were no sufficient arguments in favor of establishing such an authority, based on the belief that judges must be independent of all state and public authorities in carrying out their activities, for which reason it was suggested that their nomination and appointment procedures remain unchanged. The issue was even raised whether, in general, it was necessary to set up a new authority or whether its functions could not be competently, responsibly, and objectively performed by the Macedonian Supreme Court, as the highest court in the Republic, which could review the work of judges and courts in a way the Judicial Council of the Republic could not. Another objection dealt with the small number of council members, pointing out that there should also be an administrative body, with all the necessary facilities, and that, if this motion were passed,

then at least its powers should be reexamined, particularly in regard to the need to assess the expertise and conscientiousness in the performance of judicial functions, as well as its authority to make decisions in cases of disciplinary violations by judges.

The group of experts was nonetheless able to substantiate not only the idea but also the need for the establishment of such an authority as part of our system, as a result of which it has now acquired a number of specific features. Its practical functions are a different matter, which will be clarified in time. Meanwhile, let us note the optimism of the people who are most competent in the area of its establishment. Minister Gyorgi Naumov states that the Judicial Council of the Republic, as defined in the law, will demolish the "arguments" of even the greatest doubters, who claim that its purpose would be to concentrate judicial power in the hands of the ministry, making possible even the appointment of judges belonging to a given party, on the basis of the party affiliation of the head of that ministry, who will appoint the court president. Thanks to the existence of such a body, according to Naumov, individual treatments are impossible, for the link between the ministry and the council will be strictly "administrative." For the past five years, that ministry has very assiduously gathered data down to the monthly load of every judge in the Republic, something that could be quite adequately used in the objective (re)appointment of each individual judge. If the number of annulled or amended sentences, based on established standards, does not exceed the average, the judges should have no reason to be concerned about their future status. In the opposite case, it will no longer be possible for a judge to hold on to his position by lobbying or using other unprofessional methods. The Judicial Council will supervise the judges in the course of their work. In no case will it intervene in the individual cases, but it will assess the overall work results, which is particularly important now, when the judges have tenure, Naumov said. In his view, therefore, the council will never act as a controller but, exclusively, as the protector of the law-governed state.

**Substantial Attributes**

For the time being, what we see from the working version of the law is that the council will indeed not interfere in the work of the courts or violate their autonomy or independence. In the case of individual issues, however, should it be established that they touch upon the maintaining of legality, the council will notify the Republic's Assembly of the fact. The council will consist of seven paid members elected by the Assembly from the most noted, nonparty legal experts—judges, lawyers, and scientists—as is practiced, actually, in all European countries with developed parliamentary democracies.

One of the very substantial attributes of the council will be to request the dismissal of a judge, not on the basis of its own findings but on the basis of basic constitutional stipulations. One of the debatable issues is dismissal as a



result of more severe disciplinary violations as stipulated in the law, which make a person unworthy of performing the functions of a judge. This has been the topic of a great many arguments because it is possible that a number of actions could be qualified as unconscientious, to which Naumov answers that such criticism is groundless. Nothing has been left to arbitrary feelings, and everything must be "strongly" substantiated, exclusively on the basis of the law.

As to decisionmaking concerning the disciplinary responsibility of judges, which is another major new feature for us, according to Naumov, this is necessary because the comparative study made by the expert group in the drafting of the Constitution revealed that such responsibility is stipulated in all European legal systems. He explains that "lack of professionalism" should mean failure to apply the legal standards and have a large number of appealed and annulled rulings, whereas "unconscientiousness" means, above all, lack of assiduousness, loss of documents, unnecessary delays, improper behavior toward the parties, and negligence. In that sense, in addition to the legally set criteria, every judge must display professionalism, dignity, responsibility, and objectiveness in doing his work, which will also be supervised by the council, Naumov states.

If the approved deadline is met, this council, whose first task will be a general reappointment of judges, will begin work two months from now.

### Views of Macedonian Minister of Privatization

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[Interview with Jane Milyovski, minister of privatization, by Biljana Tsrvenkovska; place and date not given: "Conquering the Future"]

[Text] The implementation and the results of this project will substantially outlast the mandate of the present government. The danger of engaging in political marketing exists. Reprivatization for the benefit of the previous owners is contemplated.

When the present Macedonian Cabinet was formed, Jane Milyovski was one of the four ministers without portfolio. However, it has now become known that he will officially be given a portfolio quite soon. In the present government, it will be the most attractive one, both in terms of the job itself and as perceived by the public. We spoke with him toward the end of last summer, when there was talk in Macedonia of drafting a Republic program and a law on privatization. The reason for our discussion was the recently made public program. We believe that few people are ignorant of the fact that the program was drafted with the technical assistance of the European Bank for Reconstruction and Development and concretized with the expert help of the London company Lehecon Ltd. and the eminent world privatization expert Dr. Chento Veljanovski. The program was initially presented to the public

last weekend in Struja, at the conference on the change in public ownership in Macedonia.

[Tsrvenkovska] Mr. Minister, what are your views now on promoting what you have been preparing for several months, in light of your statement that you consider the reaction of the Macedonian experts particularly important?

[Milyovski] To me, this was the most essential feature, considering that the experts are free from the pressure of political marketing. As expected, the economists dismantled and analyzed the program, as was required, in order to make their expert evaluation. I was even surprised by the total support I received from my colleagues. I was surprised not because I doubted the quality of the program but because one always expects greater criticism, when we take bruised egos into account. However, I was pleasantly surprised by my colleagues, who showed their awareness of the importance of this project, which was not tied exclusively to the present government, because it is certain that its implementation and results will far outlast the mandate of this government. They accepted all of the basic postulates of the program, and the criticism to which it was submitted was of great importance to us—above all, from the methodological aspect—because, when the time comes to write the law, we shall not have to start the debates all over again. From a strategic point of view, this program will take into consideration all of the debates, and we shall determine what to accept as constructive criticism and suggestions, and this will be embodied in the law. We could then debate whether the decisions included in the law are consistent with the strategy.

[Tsrvenkovska] Before it became public knowledge, the program was reviewed by the members of the government. There must have been some remarks and suggestions.

[Milyovski] The expert group that drafted the program is facing certain dilemmas, which were presented to the government. One of them dealt with the nature of the privatization agency needed by Macedonia.

It is obvious that we need a new agency to promote privatization. Whether this agency should be granted exceptional powers was one of the questions; the other was whether the ministry would undertake to do a high percentage of the work. The ministry will be issued clear guidelines concerning the handling of privatization. The agency will be appended to it in order to provide the necessary expertise. Therefore, the work of the agency has not been entirely determined. Once again we shall undertake to analyze all of the views "for" and "against." For example, there was a question of the grounds for classifying shares into voting and nonvoting.

There was also the problem that not all shares are the same, although this is the way they are treated elsewhere in the world.

Another issue was raised. Should we immediately undertake to sell and buy stock? At first, it will be difficult to set the market price for the shares. There may be mass transfers, and we do not wish, from the very beginning, for share-owning in our country to be burdened by various deals and negative features. It is believed that it would be better to allow the purchase and sale of stock until efficient relations have been reestablished.

[Tsrvenkovska] What is the situation with stock owned by the workers?

[Milyovski] The suggestion was made of issuing worker shares. We would like to avoid creating social difficulties. All I can do is bring forth some counterarguments: It is claimed by some that Macedonian industry was developed by the workers. In fact, and in most cases, it was developed by people with savings. The money the citizens saved in their bank savings accounts was used to build the factories—and with negative interest, at that. This means that these loans were made by those who had saved their money and deposited it in their bank accounts, and that we must deal honestly with such people. The second counterargument is that, in the past, we had set prices for agricultural products, which is the equivalent of yet another type of capital transfer.

[Tsrvenkovska] However, many people are predicting that it is precisely in the matter of worker shares that some political parties will try to make points with the people. Is there such a danger?

[Milyovski] A strong political marketing problem may appear. There are a large number of workers, and if, for this reason, anyone is able to turn this into a hot political topic, he may succeed in the short term. The outcome for Macedonia would be devastating. It is not our purpose to correct through privatization all of the wrongs that were committed over the past 40 years. What we are trying to do is to choose a suitably efficient system.

[Tsrvenkovska] If you eliminate the danger that political parties will try to undermine the program, what other obstacles to its adoption by the parliament exist, in your view?

[Milyovski] Other obstacles of a political nature may be raised before it has been accepted by parliament. For example, many people will try to politicize the question of internal shares. I have said that our approach is clear. Anything that was privatized in accordance with the law will be converted into shares. Anything that is considered to be a gross error, such as paper shuffling aimed at misleading society, will have to be eliminated.

[Tsrvenkovska] In all discussions on privatization so far, it seems that, in general, the issue has not been raised of the rights of the former "capitalists" and other former

owners who were hurt by the postwar nationalization. How will their right to compensation be determined?

[Milyovski] To begin with, the question of reprivatization is purely political. In formulating a strategy, we have tried to separate political problems from economic ones. What we have submitted to the public is, in practical terms, an expert approach to privatization. There also are political and other issues related to the ethics or the political philosophy of any given society.

Still, the attitude toward the old ownership is a valid issue. Throughout the world, it has been accepted that the best approach to any type of reprivatization is to pay compensation for the damage caused to the previous owners. Such payments may be in cash or in shares or something else, and, most likely, in our case, wherever stock is to be issued, a certain number of shares will be set aside for the former owners. However, this should not be a reason for obstructing the establishment of a clear ownership structure.

[Tsrvenkovska] What will happen with the reprivatization of the land?

[Milyovski] That is a touchy subject. Land and natural resources cannot be reprivatized. This means that farmers do not have private ownership of the land but only of what is above ground. As for the land, it would be good for such relations to be settled. In fact, 80 percent of the land is in private hands, and 20 percent is owned by the public. Here, as well, it would be adequate to take a similar step. Should big landowners appear, a way would be found to compensate them for damage. However, in this case, we must bear in mind that some production entities should not be broken up. We are very familiar with the economic consequences the parceling of land would bring about. A great deal of economic rationality would be lost if we were to redivide the land. That is why compensation would be a more efficient system. The resolution of this issue will come later. This matter could be regulated with a law that would integrally settle all issues involving the reprivatization of housing and stores that were also confiscated, thus fully restoring ownership rights or compensating for damage caused. The resolution of such issues is being postponed in order to not overburden the legal system at a time when intensive work is being done to develop new government regulations. For example, could you conceive of dividing one piece of land among 10 heirs? The resolution of such disputes would take a great deal of time. In any case, we cannot forget the old owners, and we must not deprive them of their rights because we cannot create new ownership out of something that already belonged to someone else. Therefore, compensation must be paid. Whatever can be privatized now will be privatized immediately. The moment we start the process, we shall undertake to resolve whatever problems may arise. For the time being, we cannot pass all of the necessary laws all at once. Some 7,000 laws and regulations were issued relative to self-government. If we

were to redraft those 7,000 laws, it would take years, although I think that fewer laws would be required.

[Tsrvenkovska] When you were drafting the program, you said that another 40 basic laws would have to be passed, without which the program could not be implemented. What progress have you made?

[Milyovski] The work is moving ahead, but more slowly than we would like. One of the reasons for the delays in the privatization program is that we are waiting for reforms in the most important aspects of the system in order to avoid having to develop everything from scratch. On the other hand, the political and economic situation in Macedonia is not the most advantageous for the implementation of such a project. However, we must start with privatization, and we hope that reforms in the other sectors will not be too late in coming. For example,

the drafting of a tax system, which is particularly important for this project, is already nearing completion. The banks are another hindrance. I am not sure what will happen with the banks, but it is obvious that, without strong and efficient banks, there can be no privatization in Macedonia. If it turns out that it is impossible for Macedonian banks to be made stronger, or if they were to go on working as they are now, the only option would be to allow the opening of foreign banks that have the total trust of people with savings accounts and the public at large.

[Tsrvenkovska] As the person in charge of the "project of the decade," are you optimistic?

[Milyovski] If I had no faith in the success of what I am doing I would not be doing it.

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